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The Nation's Business

Ottawa Should Solicit New Industrial Capital

THE King Government deserves much credit for the sensible way it has treated and accepted the application of the Bata Shoe Co. to establish a manufacturing centre in Canada and for its encouragement of industrial migration from Europe.

Despite political or "isolationist" opposition to such a move, the time has now come when enthusiastic acceptance of this policy is desirable. Within a few weeks the issue will probably be thrown into the political pot and election capital made about this and similar applications. Instead of being on the defensive, Ottawa should actively solicit new business of this type. As Canadians, we need to lift our eyes to the larger horizons of new capital investment. To allow our national vision to be restricted by current unemployment problems would be a fatal mistake for this or any country to make.

* * *

THIS fallacy was touched on a short time ago by R. F. Harrod, last year's president of the Economic Section of the British Association, when he said:

"The notion that the existence of unemployment is a good reason for discouraging immigration appears wholly fallacious . . . The notion that a bare reduction of the number of residents would serve to reduce the number of unemployed, and an increase to increase unemployment, has always been regarded as crude in the extreme . . .

"There is much to be said for the proposition that an expansion of numbers is good for employment and a contraction bad. This accords with a broad comparison of the situation in the nineteenth century, both here and in other countries, with that in the twentieth century."

By its action in the Bata Shoe Co. case the Government has shown plainly its agreement with Mr. Harrod. It has taken the broad view of admitting industrial immigrants who bring their jobs with them and under certain well-defined restrictions.

The Government should go farther than this. It should appoint an industrial commission to visit Europe and encourage new investment of this type to come to Canada.

* * *

New Wealth; New Portents

THE other day John E. Hammell's Uchi Gold Mines poured the first gold brick—70 miles from the nearest railway. *The $70,000 it represented was new wealth for Canada.* As investors are paying 97½ for the 6% bonds of Uchi, due Dec. 31, 1940, there is apparently some confidence that this new mine will be able to pour a great many more bricks during the coming 18 months—and keep on pouring them for an indefinite period thereafter.

Apart from the fact that the Uchi is a new mine in a new country and may be but the beginning of a series of new mines, apart from the fact that the success of Uchi is due to the stubborn genius of Jack Hammell who made Uchi a mine after three other groups had given up the effort, two significant facts were underscored at the pouring.

* * *

FIRST is the fact that mining is a young man's game.

Uchi directors put on a party for all the miners and their families. There were about 200 men and two score women and children. Someone started a singsong. It was suggested that all the war veterans stand up and sing "Tipperary." Outside of the head table, only three men stood up. The others were all too young to have been in the War.

Over at the Pickle Crow 50 miles away the mine manager and the accountant are the only two men on the staff who are over 34 years of age.

Opening up of new mines is doing more than any other one thing to solve the "youth problem" in Canada. The Financial Post has long contended that the youth problem is fundamentally part of the general unemployment problem. As jobs are provided, the youth problem will disappear.

The mining industry is doing its part to provide these new jobs.

* * *

SECOND striking fact about the opening up of the Red Lake-Woman Lake-Pickle Lake area is that there is not a railroad nearer than 70 miles as the crow flies to any one of these mines (and there are nearly a score of them producing gold). All equipment, supplies and passengers have been taken in by airplane, river scows or tractor-drawn sleds. Now the mines in the district are asking for additional transport facilities. But they are not clamoring for a railway. They want a couple of new highways.

This is something of a portent on the horizon of transportation. Some superoptimists talk of a population of 100,000 people in that country. Cut that in two or in three and you still have a long chain of big towns. And yet the people who are building the country think in terms of roads and not of steel rails.

What a change from the last generation when the railways pushed ahead of development!

It is true, of course, that the railways get the profitable long haul on the goods that make the final journey by other means of transport. But it is the mines and not the railways

(Continued on page 2, col. 3)

Agreement Assures Bata Operates Here

Ottawa Decision Paves Way for Czech Industry's Entry

From Our Own Correspondent

OTTAWA. — Following negotiation with various departments at Ottawa, complete agreement has been reached between the Bata Shoe Co. and the Dominion to assure establishment by the company of a factory in Ontario.

Unofficially, The Financial Post learns that the company's plans provide for employment in Canada, when operations are fully under way, of 1,800 persons.

Not all of these will be engaged in the manufacture of shoes. About two thirds of them will be employed in the company's research and engineering laboratories which are to be established in Canada. These will service a large part, if not all, of the Bata Shoe Co.'s world-encircling organization.

The company has developed its own shoe-making techniques and makes its own machinery. Constant study keeps these processes and this machinery up to date. The company will employ between 1,100 and 1,200 persons in this work in Canada. The other 600 to 700 will be employed in the manufacture of shoes.

Big Canadian Output

It is understood that the Bata company markets in Canada at the present time about 200,000 pairs of shoes annually. Proposed production of the new plant is around 1,800,000 pairs annually, of which the company hopes to sell 400,000 in the Canadian market and to export 1,400,000 pairs to other markets now serviced from European plants.

Hon. T. A. Crerar carried his proposal to Cabinet in favor of the company without any serious difficulty. The Cabinet did not require any reduction in number of the 250 permits which the Bata company desired for experts to be brought into this country from Czecho-Slovakia. These permits will cover the entry of possibly 800 persons.

The Cabinet ruled, however, that each permit must be scanned by the Department of Labor. The Bata officials felt this might well be a cumbersome way of doing business and were inclined to object, but after a conference with Hon. Norman Rogers, Minister of Labor, all difficulties were removed and this condition was accepted by the company.

Frankford, in Sidney township in Belleville-Trenton district, is the site chosen for the establishment of the new plant. Apart from the key men that will be brought from the parent factory at Zlin, Czecho-Slovakia, and the factory in Great Britain, all labor required will be drawn from Canadian sources and as far as possible from the surrounding districts.

Machinery Released

The machinery which has been held in bond at Montreal has been released and will be shipped by rail to Frankford and set up in an old paper mill. Thomas Bata, vice-president of the Canadian company, with a small staff has been preparing the premises to receive the equipment. Later, operations will be transferred to a new five-story factory building.

Following the Bata policy, a modern village with modern houses, hospital, theatre, churches and other necessary buildings will be constructed. Swimming pool and sports field will be provided. The site is about 100 yards from Highway No. 33 and is served by a branch of the Canadian National Railways.

The village of Frankford at present has a population of about 850 and 50 families are on relief. The coming of the new industry, therefore, is obviously being welcomed.

Officials expect to begin production by September and to invest $500,000 before end of this year.

Wages will be above the Canadian average in the shoe industry, executives say. Factors cited as bringing the firm to Canada include stability of conditions here, safety from disruption by European disturbances, and cheap power.

European Capital Drawn to Quebec

From Our Own Correspondent

MONTREAL. — A group of industrialists from central European countries, whose identity is undisclosed for the present, has purchased a plant in Huntingdon, Que., for the manufacture of woollen cloths now being imported from Italy.

Approximately $150,000 is being invested in the enterprise, which will employ 200 persons, all of them Canadians with the exception of six or eight key workers. The company will manufacture for domestic and export business. This industry was secured through the joint efforts of the Huntingdon Board of Trade and Shawinigan Water and Power Co.

Lake of Woods Earnings Jump

Expect Best Year Since 1929 — Loss in 1938

From Our Own Correspondent

MONTREAL.—Marked improvement in earnings and working capital in the year ending August 31 next will be reported by Lake of the Woods Milling Co. In fact, earnings may be better than in any year since 1928-29.

The improvement over 1937-38 is not surprising as that was an unusually bad year, being one of the most difficult ever experienced by the Canadian milling industry. Conditions were so bad that Lake of the Woods Milling Co. had a loss of $23,824 before providing for interest and depreciation, compared with net earnings of $674,602 in 1936-37. After interest and depreciation there was a deficit of $296,132 as against a net profit of $328,689 in 1936-37.

Results this year will exceed those for 1936-37 when $1.51 a share was earned on the common stock. It is possible they will be even better than in 1935-36 when $2.32 a share was earned on the common, in which case they will be higher than in any year since 1928-29.

Working Capital Up

Working capital is currently at a higher level than in a number of years. The balance sheet at the end of the fiscal year will probably show an excess of current assets over current liabilities of more than $1 million. As at August 31 last working capital amounted to $613,726.

Several factors have contributed to the improvement. In the first place, the adverse factors which existed last year have not been present. There has been no premium on Canadian wheat, a most serious export handicap in 1937-38.

Largely as a result of the elimination of the premium total Canadian flour exports in the last nine months were up 20% over the same period of the previous year. This boost has cut overhead costs on total flour milled. The low price for Canadian wheat and consequent lower prices for Canadian flour have also been a factor in securing increased business in foreign markets.

Financing Charges Down

The low price of wheat has had another beneficial effect in that it has resulted in lower interest and carrying charges. In the case of Lake of the Woods Milling Co., bank loans have been at a lower level than for many years. It is possible the balance sheet as at August 31, 1939, will show bank loans largely eliminated.

Smaller Profit Margin

While volume of business continues good, the earning position of the company is not as good as it was in the first half of the current fiscal year. Prices on both domestic and export sales have been reduced so that the margin of profit is not large.

In view of the trend of earnings in the current year, elimination of arrears of dividends on the preferred stock is expected. Half of these arrears were cleared up by a $3.50 a share along with the regular quarterly dividend on June 1.

No information is available as to what the policy of the company will be in regard to common dividends. No dividends have been paid on the common stock since 1930, although earnings have been shown every year except 1931 and 1938.

Newsprint Prorating

Unbiased Observer Presents All Sides Of Major Problem

Added to the natural problems of marketing in a highly competitive field, Canadian newsprint producers in recent years have to adjust themselves to a new factor—government regulation of output. Prorating has its critics and its supporters.

In a special series of articles an unbiased observer will present in The Financial Post all sides of this big newsprint problem.

The first article dealing with the Government side appears on page 9.

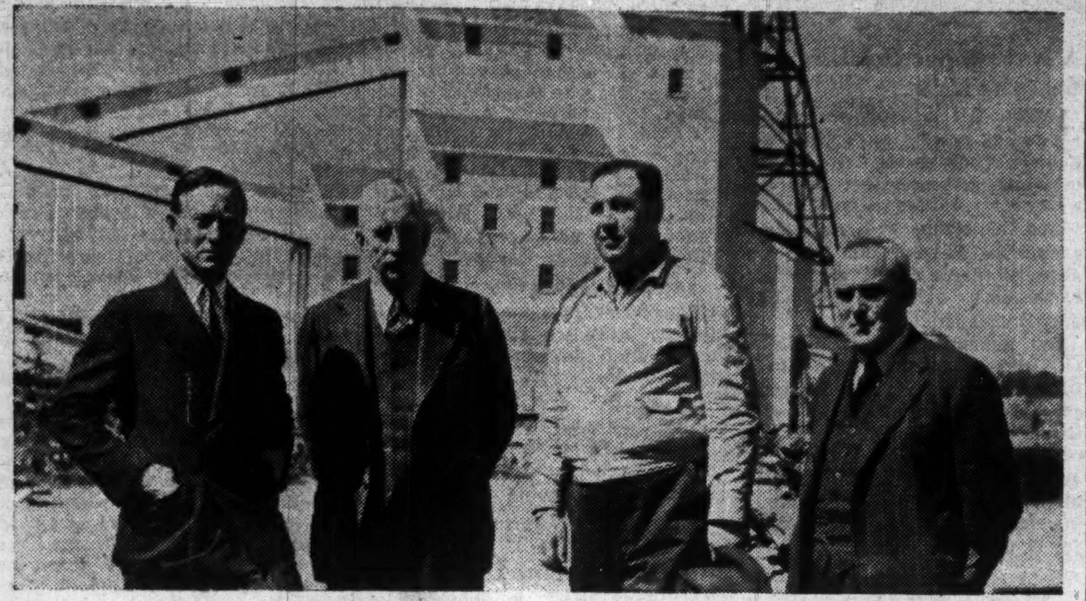
Fleet Aircraft Offers Rights

Nesbitt, Thomson Underwrites 100,000 Shares at $5 a Share

Fleet Aircraft Ltd. is offering 90,289 treasury shares to shareholders of record July 4, 1939, at $5 a share, according to information given the Toronto Stock Exchange. Each shareholder has the right to subscribe to one additional share for each share held. Transferable warrants have been sent to shareholders, exercisable by 12.30 p.m. on July 15.

Nesbitt, Thomson & Co. have underwritten any shares not subscribed by shareholders at the $5 price and have also subscribed for an additional 9,711 shares making a total of 100,000 shares underwritten. The underwriters get a commission of 50 cents a share for each share for which they receive payment. Any shares not subscribed by present shareholders are to be offered to the public.

This will almost bring Fleet's issued capital to the full authorized amount of 200,000 shares. The capital thus being raised, approximately $500,000 less commissions, is to be used by Fleet in paying for its subscription to the Canadian Associated Aircraft Ltd., the central organization handling British aircraft orders, and for plant expansion at Fort Erie, Ont.



AT UCHI'S DEBUT

Canada's newest gold producer, Uchi Gold Mines in northwestern Ontario, poured its first gold brick the other day. Jack Hammell, president of Uchi, took a party of cabinet ministers and mining editors along for the occasion but illness confined him to his hotel bedroom and Robert Fennell, K.C., vice-president, presided at the final ceremony.

The Financial Post staff photograph shows Mr. Fennell; Hon. T. A. Crerar, Dominion Minister of Mines; Alex. G. Hattie, director of mining operations for Uchi, Pickle Crow and other Hammell operations in the Patricia district; and Hon. C. D. Howe, Minister of Transport.

Behind this party looms the shining new mill of Uchi. Other photographs on page 12.

Good Crops Now Certain

Wheat Promises Well in Almost All Sections

From Our Own Correspondent

WINNIPEG.—A big wheat crop is now almost assured for western Canada. For the first time in 10 years observers are beginning to use again the word "bumper" in their calculations.

Much warmer weather during the past week has brought the western crop along rapidly, overcoming the late condition which previously had caused some slight apprehension in parts of Saskatchewan and Alberta. Showery weather has continued, accompanied unfortunately in some areas by severe hailstorms which have totally destroyed some crops.

Luxuriant Growth

From 50 miles east of Winnipeg to the foothills of the Rocky Mountains the country presents a picture today of luxuriant growth. Seldom have crop conditions at this time of year been more satisfactory. Except spots where hail has struck, and some small areas in northern Alberta affected by cutworms, practically every section of the three Prairie Provinces hopes for a big wheat crop.

Hopper Threat

Grasshoppers remain a threat over a large area, but so far actual loss has been comparatively slight, as feeding and growth of the pests have been kept in check by cool, damp weather. In view of the immense number known to have been hatched it is almost inconceivable that they should not yet do considerable damage. In eastern Manitoba the crop is high and well headed out. Over a good deal of Saskatchewan it is still short, on account of a late start, but it is so well rooted, so well stooled, and so well supplied with moisture that farmers are confident of results.

Protected Against Rust

Rust may work damage, as has happened in previous years. But the greater part of the wheat seeded in districts most susceptible to rust is of Thatcher and other rust resistant varieties. So far Thatcher has proved to be practically immune to the different varieties of stem rust known, and the leaf rust to which Thatcher is susceptible has never done much damage. Some new type of stem rust is possibly developing this year which can attack Thatcher wheat, or leaf rust might become more virulent. But so far there is nothing to indicate such danger.

Supplies of feed are more abundant than have been known for 10 years, even although the seeded hay crop in Alberta is somewhat light. This, however, is more than compensated by abundant growth on pastures, and the coarse grain crops in sight.

Cattle in Good Shape

Cattle on the range are in wonderful condition. With reserves of feed well established farmers are planning for rapid rehabilitation of livestock herds depleted during the drought years.

There is a remarkable feeling of optimism from one end of western Canada to the other, in spite of low prices for grains, and the uncertain outlook in export markets. The country's faith in its own productive powers has been restored to an extent that would have seemed impossible during the drought years.

Cabinet Seeks to Halt No-Bid Arms Deals

Hopes Defense Buying Board Will Block Such Contracts

From Our Own Correspondent

OTTAWA. — Deliberately intending to block further hatching of no-tender, selective contracts for defense supplies, such as the notorious Bren gun deal, the Cabinet is definitely learned to have committed itself to actual operating set-up of the Defense Purchasing Board.

The Purchasing Board will in no case deal with contracts involving amounts less than $5,000, which will continue to be handled by the defense department. And on contracts over this level for which tenders are called and business given on the basis of low price and competency, the profit limit provided will not apply.

Profit Curb

But the act sets a rigid curb on profits derived from any arms contract which the Board deems it necessary to award on a selective, cost-plus basis. This might be done because of considerations of secrecy, difficulties in getting reliable price quotations, or other obstacles to inviting tenders. The profit limit is to be 5% computed on the average capital or value of capital assets employed in execution of the contract, during the period involved.

From the time that this provision became known, firm objections were advanced by manufacturers capable of producing defense equipment. Protests came particularly from aircraft firms. For them the major expense of producing planes, especially military machines, is not so much the plant and capital employed, as the long, costly period of preparation for production.

Much of the cost of such preparation goes into intangibles such as designing, working out of production technique and plan of operation,

(Continued on page 11, col. 2)

Highlights

Simpsons Ltd., one of Canada's largest department stores, is moving to simplify its capital structure. Current financial operations of the organization and prospects for future business are reviewed in

Simpsons Prepares—p. 14.

* * *

What does the fuss about silver in Washington mean to the Canadian mining industry? Implications of the situation may have great significance for us.

Silver—Problem Metal—p. 13.

* * *

Industrial building featured Canadian construction activity for the second month in succession, with a further upturn in June. Import of the development is analyzed and future outlook appraised.

Industrial Building—p. 7.

* * *

General Index on p. 2.

Dosco Activity Holding Firm

Iron, Steel and Coal Output Will Top 1938 Returns

From Our Own Correspondent

MONTREAL.—No material slowing down in operations of Dominion Steel and Coal Corp. is expected during the balance of the year. Business now on the books should assure that all major divisions will continue active with production, as a whole, on a better basis than in 1938.

It is too early yet, The Financial Post is informed, to make any accurate estimate of profits. Much will depend on future of steel prices, continuance of coal shipments and the amount the company will write off in depreciation. Last year Dosco earned $1.19 per share.

Last year the iron and steel mill at Sydney operated at 82% of capacity. For the first half of the year operations were on a larger scale than for the like period in 1938. Just now the Sydney plant is operating close to its effective capacity and likely will continue to do so for the next half year.

English Buying Again

A considerable part of the basic iron and steel output is going to the company's English customers. It will be recalled that last year deliveries in that market fell off as the British iron and steel industry struck a soft spot. That condition has been rectified; surplus stocks have been cleaned up and at present the heavy industries in England are again working at top speed.

Domestic orders for iron and steel do not show any appreciable change. The railway companies have been limiting purchases of rails, but the demand for wire, nails and other products of the company continues at a fairly satisfactory level. Naturally, the company could handle a larger volume of business for the domestic market, but compared

(Continued on page 2, col. 6)

Ford Re-enters Tractor Field

Canadian Company Is to Handle Canada and Empire Markets

Ford Motor Co. of Canada expects to undertake the distribution of the new Ford tractor and specially designed implements in Canada. These should be available in this country early this fall. Plans are not complete as yet, The Financial Post is informed by officials, but it is probable that the company's present dealers will be utilized.

Tractors enter Canada duty-free and it is likely that the new units will be imported from the Detroit plants of the parent company. It is stated that it has not yet been decided whether or not the implements to be used will also be imported or made in this country. Ford of Canada also expects to handle distribution of the tractors in those parts of the Empire where it controls the marketing of Ford products.

The new tractor is a lightweight, small machine which employs new principles of design particularly with regard to the method of hitching the implements to the tractor. List price of the Ford tractor is to be $585 delivered at Detroit, taxes extra. It is to be equipped with rubber tires, battery, generator and self-starter, governor, muffler, power take-off and other equipment (picture on page 7). A specially designed two-furrow plow is to be priced at $85 delivered at Detroit.

Attempt to Check Tax Duplication

From Our Own Correspondent

OTTAWA. — Administrative or other changes to prevent duplication in taxation upon income passing across the international boundary, are regarded as certain to result from a conference now proceeding at Ottawa between taxation officials of Canada and the United States.

Provincial Supreme Courts Beyond Ottawa Appeal Court?

From Our Own Correspondent

OTTAWA.—While the Supreme Court is not expected to deliver judgment on the privy council appeal reference until next October, the argument leaves but one point in this case in doubt.

This point, however, is a major one, upon which will turn not only the whole issue of these appeals but, as well, the vital interests of many important commercial activities.

The argument leaves practically no doubt that the Dominion Parliament has the power to forbid appeals in matters affecting Dominion jurisdiction as defined in the various sections of the British North America Act.

But it is very doubtful if Parliament can prohibit appeals from provincial supreme courts direct to the Privy Council upon matters affecting provincial jurisdiction as defined in section 92 of the B. N. A. Act. As this section includes all manner of items—such as property and civil rights—which have been at the base of the conflict between Federal and provincial jurisdiction ever since confederation, it is improbable that Parliament would act unless these appeals, as well as the others, could be prohibited.

Crisis or No Crisis Britain Stands Firm

London Thinks European Situation May be Critical Before September — Anxious to Place Arms Orders in Canada

By HORACE T. HUNTER

President, The MacLean Publishing Company, Limited

LONDON—Britain expects a major European crisis within six weeks.

We, who have been in London attending sessions of the Empire Press Union, which have been a preliminary to the visit of the newspaper, publishers and editors of the Empire to Canada in 1940, have had an excellent opportunity to discuss the world situation with cabinet ministers, publishers, bankers and others.

Among them I find an almost unanimous opinion that the major crisis will come before the end of August.

I am bound to say that my own size-up of the situation does not lead me to the same conclusion, because I am convinced, after getting information from many sources, that Adolf Hitler will be too wise to risk the final challenge to the united, armed might that faces him.

Firm Policy

The policy of Prime Minister Chamberlain and Foreign Secretary Halifax is now clear and unequivocal. It is that no further act of aggression will be tolerated. Britain has called a halt to the march of the dictators and intends to adhere firmly to her present stand.

In this policy the Prime Minister and the Foreign Minister have the unanimous support of all political parties. They have, moreover, the wholehearted support in that policy of those gingery independents, Sir Stafford Cripps, Winston Churchill and Anthony Eden.

A great deal has been accomplished in letting the people of the dictatorship countries know that Britain will fight rather than budge another inch under the threat of force. Both radio broadcasting and leaflets have been effectively used in Germany and Italy.

Ready to Fight

Most Britishers are convinced that there is only one way of ensuring the peace: To be stronger than any potential enemy and to let that enemy know that the British Empire is united and determined to fight if necessary to protect its interests.

There is greater confidence now than ever before in the strength of the Empire's defenses, whether on the sea, on the land or in the air. The British people believe that they are today strong enough to avoid the catastrophe of war. They are confident that if their hopes in that respect are dispelled by the facts they are strong to go through the war to victory.

The relative strength of Britain and France compared with the dictatorship countries is improving daily. The Anglo - French war "potential" will pass that of Germany and Italy by about Sept. 1, if indeed it has not already passed it.

Election Possible

A reorganization of the cabinet is most likely and, if an immediate crisis can be avoided, there is almost certain to be an election before September.

The British people are not panicky. They are not jittery. Rather they are resolute and determined, and resigned to the necessity of taxing themselves heavily for their own protection.

The visitor from Canada is daily reminded of the dangers that face the Mother Country as he walks about the streets and sees air raid shelters, arrangements for evacuation of schools, offices, etc., gas mask distributing depots, etc. Such symbols constantly emphasize the danger that faces the Old Country.

Look to Canada

There is a strong desire in Britain to build up Canada as a secondary base for the supply of war equipment and munitions. Canada has lost millions of dollars of orders for munitions and it has lost the opportunity of assisting Great Britain in her hour of peril because of the lack of a constructive policy on the part of the Government at Ottawa. Britain has at all times been willing and anxious to co-operate with Canada in the development of the armament programmes of the two countries but Canada has declined its co-operation.

Careful enquiries elicit the fact that the Bren gun scandal has not had the effect in itself of curtailing orders from Britain for Canadian manufacturers. But the War Office has made up its mind that it will exercise greater care in the future in selecting the persons in Canada with whom it will place orders for supplies vital to the defense of the Empire.

Press Sessions Successful

The Empire Press Union conference achieved a great measure of success in its effort to achieve a better working arrangement between the Government and the newspapers of the Empire. Representations were made to the Government that ministers must have definite policies, and exercise courage and frankness in presenting these policies to the press and public. The editors demanded that they be given access to more information than they have had in the past in order that they might keep the public fully informed of the progress of foreign affairs. The freedom of the press was essential to the freedom of the people, they contended.

Three high members of the Cabinet sat in with the publishers and editors and listened to these representations as well as discussing the Government's policies and activities in the fields of defense and foreign relations.

Bell Telephone Planning $30 Millions Bond Issue

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada's plans for the refunding of some $30 millions of its funded debt are in process of negotiation. Beyond the statement that "they are talking about it" officials of the company have nothing to say at this time as to their plans.

This is one of the largest pieces of corporation financing on the books for some time. Because of the trust deed securing its bond issues, the company has been unable to take advantage of the present low interest rates to reduce its own debt charges.

In all the Bell Telephone has outstanding $67,500,000 of 5% bonds, divided into three series. Series A, amounting to $30 millions, matures in 1955 and cannot be called in whole or in part until March 1, 1940. Series B, for the same amount, matures in 1957 and is not callable prior to 1947. Series C, for $7,500,000, matures in 1960 and is callable only after 1950. Consequently between March 1, 1940, and 1947, the company can only consider the redemption of the $30 millions of series A bonds.

Now Out in the Open

The question of the company's refunding of the series A bonds has been discussed in bond circles for some time past. But as at least 9 months remain before the company can redeem the bonds, the matter has not been of general interest. But The Financial Post understands, and this is confirmed in part by the admission by the company that the proposed financing was under discussion, that negotiations have reached the active stage.

One underwriter, prominently identified with the company's past financing, is reported to be negotiating with the company for the whole issue.

Another report in bond circles is that an insurance company has offered to take up $18 millions of 25-year 3¾% bonds, Canadian pay as to principal and interest, payment to be made in American funds and the price to be about 2½ points above par.

The series A bonds can be called on 60 days notice, payable in American or Canadian funds. The refunding issue will undoubtedly bear a lower interest coupon in view of the company's high credit standing and also it is taken for granted that the new issue will be Canadian pay only as to principal and interest.

U. K. May Order More Bombers

A second substantial order for production of British military planes in Canada is expected within the next month or two, The Financial Post is informed. Prime requisite is Canada's capacity to handle the business, at present uncertain.

A considerable number of difficulties have developed in the carrying out by Canadian firms of the initial order for bombing planes. These are now in course of being straightened out. Grave doubts are held among British authorities as to whether this country has as yet developed sufficient skilled craftsmen to handle important orders of the type envisaged when large-scale airplane and munitions orders were first mooted.

Hat News FROM EATON'S

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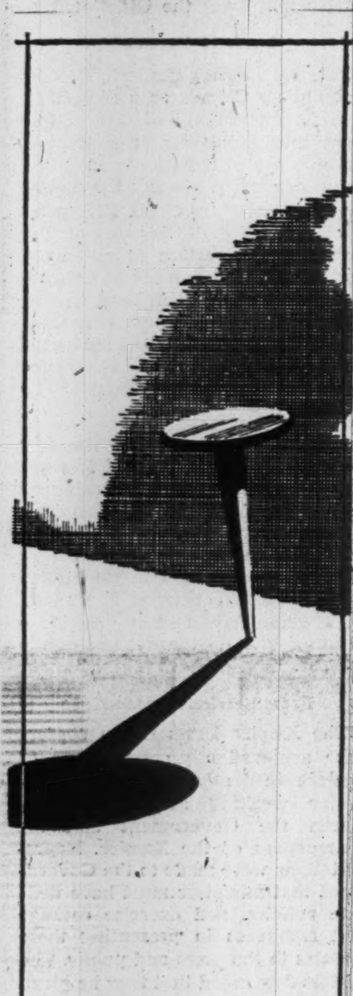

Even the humble Carpet Tack is a "Manufactured Product" in this industrial age. To fashion it from raw material, men, machines and money must be mobilized.

Whether you manufacture carpet tacks or clothes pins, baby carriages or rope—money to pay for labour, raw materials and to finance the marketing of the finished product, as well as to meet other seasonal needs, is available through your bank.

This bank desires to discuss with you the financial requirements of your business.

The Royal Bank of Canada

Dom. Textile's Business Pace Is Quickened

Orders Booked in June Greater Than Year Ago

REDEEM BONDS

From Our Own Correspondent

MONTREAL.—Dominion Textile Co., largest operator in the primary cotton textile field, is benefitting from better conditions than prevailed a year ago.

Since the end of the last fiscal year, March 31, both sales and orders have shown a more encouraging trend. There has been a better volume of buying in the retail field. Manufacturers of processed goods have been busier, with the general result that Dominion Textile has been shipping out a larger quantity of goods than was the case for the same period a year ago.

Book More Orders

The volume of orders booked in April and May indicated a turn for the better. The June returns were even more satisfactory, more business being booked than in June, 1938. Just how long this will keep up is a matter of speculation, but basically the outlook is more encouraging.

With the improvement in sales and orders booked, plant operations have been stepped up to a higher level. Operations are by no means at capacity, but they are better than for some time past. Taking the American standard of an 80-hour week, Dominion Textile's plants are now operating at 53% of capacity. On the basis of the single shift 50-hour week in Quebec, operations are around 80% of capacity.

Watch Treaty Results

So far neither Dominion Textile nor the industry as a whole have come to any definite conclusions respecting the effect of the new U. S. trade treaty on the Canadian textile manufacturers. The April import and production figures indicated a somewhat larger share of the Canadian market going to American and British manufacturers. Returns for May and June are not complete, so that it is not possible to say whether the May figures indicated more than a temporary change in the trend.

Competition from outside the country, however, continues to keep domestic manufacturers on their toes. The pressure on this market remains constant at all times and in certain specialized lines reaches awkward proportions at times. The matter of exchange and the subsidizing of export business by some foreign countries has permitted the sale of goods in Canada under conditions which the domestic manufacturer has found very difficult to meet. However, the enforcement of anti-dumping regulations by Ottawa, which is watching the situation carefully, has helped considerably to keep matters in hand.

Taken as a whole the matter of import competition is causing less disturbance to Dominion Textile and the other operators just now than was the case a year ago. It remains to be seen whether this condition will remain that way throughout the rest of the year.

Building New Warehouse

Meanwhile Dominion Textile Co. has gone ahead with its plans for the building of a new raw cotton warehouse in Montreal. This undertaking, to involve an outlay of around $250,000, was considered some time ago but deferred until recently owing to unsettlement of conditions. Work will be started almost immediately on this building and should be finished toward the end of the year, or early in 1940.

Refund 4½% Bonds

Of more direct interest to shareholders is the announced plan for refunding the company's first mortgage bonds. In 1935 the company issued $4.5 millions of 4½% first mortgage bonds, payable as to principal and interest in Canadian funds only, and with the proceeds retired the existing 6% bond issue. These bonds were sold to the public by the underwriters, McTaggart, Hannaford, Birks & Gordon, at 99.

The balance of the 4½% bonds, now amounting to $4,317,000, have been called by the company at 105 and accrued interest, payment to be made on Sept. 1 next.

New Terms Outlined

Funds for this purpose will be raised through a new issue of bonds. The company will sell, to interests reported to be associated with the last piece of financing, $4.5 millions of new bonds. As in the case of the existing bonds, the new issue will be Canadian pay only. It will be divided into $1 million of 10-year serial bonds carrying a coupon of 2¾% and $3.5 millions in 20-year 3½% bonds. Expectations are that the new bonds will be placed privately.

The Nation's Business

(Continued from page 1)

that are doing the pioneering in the new gold areas.

"Jack" Hammell is the most colorful of the mine-makers of Canada. But what he is doing in the Patricia district is being duplicated in many other places in Canada by other able pioneers.

• • •

A Newspaper Publisher Sees the Light

AMERICAN newspapers are still getting cheap newsprint from Canada. They should look to their own management rather than elsewhere for a solution to their troubles.

Had this statement been made by a Canadian it would not have been news. Similar views have often been expressed by Canadian political and business leaders.

But this time it is an American publisher who talked turkey to his fellow journalists. Mark Ethbridge, general manager of the Louisville Courier Journal and Times, in a recent address exploded the fallacious argument that it is the allegedly monopolistic Canadian newsprint manufacturers who are responsible for U. S. publishing ills.

Said Mr. Ethbridge:

> "It would be fair to say that low newsprint costs have subsidized during depression times a great many newspapers that were not willing or able to make management adjustments to meet competition when the inevitable rise in prices sets in."

Success in the publishing business, as Mr. Ethbridge says, is bound up in "the character and intelligence" of those who run it.

If there is weakness in business management it is of little benefit to "blame the other fellow." Recognition of this fact by U. S. publishers has been long overdue.

• • •

Boating Magazine Smells Another "Bren"

CANADIAN Boating Magazine thinks it smells another Bren rat in the way in which the Government purchases its boats and ships. In its July issue it says

> "The notorious Bren Gun Enquiry would look like very small potatoes if a similar review of the peculiar purchasing habits of the many departments that operate boats and ships for the Dominion Government was made.
>
> "To get a contract for a boat or an engine from the Dominion Government, it is necessary to know many ropes and pull many wires. To get a contract you must see to it that the specifications and requirements laid down for 'public tender' be so written as to exclude all your competitors and that a sufficiently high margin of profit be included to cover 'servicing.'
>
> "To get a contract for an engine, it is necessary for you to forget all you ever learned at engineering college, all you have experienced since, and 'guarantee' a speed that is quite impossible for the horsepower specified. If you are a friend — or make yourself a friend—of those mysterious men in Ottawa, you need not worry about that 'guaranteed' speed, for it will never be clocked."

"Boating" (edited by Andrew MacLean, former private secretary to Rt. Hon. R. B. Bennett) apologizes to its readers that it cannot at the moment supply "facts" in regard to "the scandalous mistakes that are almost a daily occurrence at Ottawa."

What has Hon. C. D. Howe, Minister of Transport and Marine to say about these sweeping allegations?

• • •

Twofold Job For Investment Dealers

IMPROVEMENT in methods of handling and raising capital comes slowly. The Investment Dealers Association of Canada has been in existence for 23 years, yet apparently its leaders still feel unready to publicize its work.

The Association has done much excellent work, particularly in the past four or five years, with the primary object of assuring that the investing public shall not lose, no matter what happens to the firm in question. All this is valuable and fundamental. If it safeguards the public from loss through misconduct of members of the association, it fulfills the primary tenet of a sound public relations policy, namely that an organization or institution must first earn and deserve public support and goodwill.

But it is not sufficient for an institution merely to be right. It must make it manifest to all that it is right. It must, in short, make its good deeds known. The dignity of silence is often expensive.

The I. D. A. might well "follow through" the good work already accomplished by a definite programme designated to promote goodwill, understanding and mutual respect as between the investing public and itself.

B.C. Companies Threatened With Tax On Excess Profits

From Our Own Correspondent

VANCOUVER.—Taxation of excess profits under an amendment to the provincial income tax law at the last session of the Legislature is now being imposed in British Columbia on a considerably broader basis than was first indicated.

Hon. John Hart, minister of finance, in introducing the measure in the Legislature, stated that the major purpose of the new levy was to bring into the taxable category a few family corporations and holding companies which had been evading surtaxes. But more than 60 Vancouver companies have so far been notified that the law will be enforced against them also.

Briefly, companies which have accumulated profits in excess of what the Government regards as a reasonable amount, must either declare a dividend or become subject to a 15% tax. Under the old legislation companies were required to make a distribution of excess profits, but not until last year was the penalty established.

Taxation experts describe the new British Columbia law as unique in Canada. When it was first introduced business organizations protested that it was an adaptation of the undistributed profits tax which had found disfavor in the United States and was being modified.

Spokesmen for the Government denied this and contended that the law was framed to meet special cases, and only the more flagrant ones would become subject to the tax. Citing a hypothetical case, they said that a business capitalized at $10,000 might accumulate profits of $100,000 without disbursing them in the form of stock dividends or paying surtaxes.

Business men affected by the new law protest that it will make it impossible for them to retain funds for purposes of expansion and that it will seriously affect their credit rating.

Manitoba to Co-operate In Mortgage Bank Plan

From Our Own Correspondent

WINNIPEG.—The Manitoba Government is ready to co-operate fully with the new central mortgage bank, when it opens for business. Premier Bracken has announced that a special session of the legislature will be held to clear the way for operation of the bank in Manitoba.

Under the statute creating the mortgage bank, the provinces are requested to pass legislation exempting from provincial legislation all mortgage contracts which would be rewritten under the new bank. Manitoba's special session will likely be held before the end of August, depending on developments in launching the mortgage bank.

Premier Bracken is the first western leader to give official approval to the mortgage bank scheme. It is the most advanced step taken by the Dominion Government in connection with debt relief, he said.

French Armament Firm Considers Establishing Here

From Our Own Correspondent

MONTREAL.—Schneider-Creusot, the great French armament firm, and former part owners of the Skoda works in Czecho-Slovakia, may come to Sorel or Montreal. Negotiations are in progress, says Jos. Simard, head of Marine Industries Ltd., but no definite information is available as yet.

"I have been negotiating with the Schneider-Creusot interests," said Mr. Simard, "to get more work for Sorel, to add some new lines, owing to the irregularity with which we get ship contracts.

"My brother and I were in France last year, and we talked with Mr. Schneider. We are still working on that.

"Later Mr. Schneider came to Montreal and to Sorel, and visited us, to see what could be done.

Prospects Are Better

"I can tell you that prospects of something being done are a lot better now than they were some time ago. We many know more in a month or two.

"We want to bring new industries, and new work, not alone to Sorel, but to Montreal and to Canada, in fact," he said.

"We therefore are trying our best to make a deal, to see if they cannot use our technical knowledge, or whatever they may need, in co-operation here to produce what is required.

"But I repeat again, there is nothing definite yet. But I hope we may have some news for you later."

PAYMASTER PRODUCTION

Production of Paymaster Consolidated Mines for June amounted to $123,765 from 16,686 tons of ore milled, an average recovery of $7.41 a ton. This was higher than production of $115,340 from 16,555 tons in June, 1938, when recovery averaged $6.97 a ton.

Holdings of Foreign Gold In Canada $330 Millions

Marked increase in gold held in Canada for foreign account is reflected by the monthly statistical summary of the Bank of Canada.

Total of 4,721,000 fine ounces of gold, worth $165,235,000, was earmarked for foreign holders during May, by far the largest amount set aside since earmarking operations were started three years ago. As the amount held at the end of April was 4,702,000 ounces, the apparent total at the end of May had reached 9,423,000 ounces, worth $329,805,000. This makes Canada one of the world's largest holders of foreign-owned gold.

Holdings in U. K. and U. S.

Large as is the amount of earmarked gold in Canada it is exceeded materially by that held in the United States Federal Reserve banks, which on May 24 amounted to $1,265 millions. Earmarked gold held in the United Kingdom at Sept. 30, 1938, amounted to $1,605 millions, but it is believed that a large part of this has subsequently been transferred to Canada or the United States and is shown in their statistics.

Of the net increase during May of 4,721,000 ounces, 4,267,000 ounces were net imports from abroad, total gold imports of non-monetary gold being 4,671,000 ounces, while 404,000 ounces were exported. Remainder of the increase in earmarking came from purchases of Canadian gold for foreign account.

While a large part of the gold held in Canada for foreign account is believed to be for British account, much of it is undoubtedly gold owned in Europe, formerly held in Britain and shipped to this side of the Atlantic for greater safety. British stocks of gold here are believed to have been built up with the idea of establishing a reserve to aid in financing purchases of war equipment.

The Bank of Canada, in accepting gold belonging to foreigners for safe keeping, does so in the character of a warehouse only. Such gold does not enter into the accounts of the central bank.

Montreal Island Towns Cut Arrears of Taxes

From Our Own Correspondent

MONTREAL.—The 11 solvent and three aided municipalities under the jurisdiction of the Montreal Metropolitan Commission continue to report reductions in arrears of taxes. At the end of May the total amount of arrears was $1,526,000 as compared with $1,628,000 a year ago. During the past four years tax arrears have been reduced by more than $600,000.

All of the 14 municipalities report a reduction in tax arrears in May. The autonomous group reduced its aggregate arrears by $115,000 and the three aided municipalities cut their arrears $19,000.

Award Rubber Workers Increase in Wage Rates

The arbitration board sitting on the labor dispute involving workers of Dominion Rubber Co. and Merchants Rubber Co., both of Kitchener, has recommended a wage increase of 1½ cents an hour. The board included Prof. Norman MacKenzie, Toronto; J. L. Cohen, K.C., Toronto, representing the workers; and J. A. Martin, vice-president of Dominion Rubber, representing the employers.

Nfld. Reports Larger Deficit

Budget Forecasts Increased Expenditures on Reconstruction

Financial operations of the Newfoundland Commission of Government in the fiscal year ended June 30 produced a deficit of $3,995,056, only $46,078 over the budget estimate, but much above the deficit of 1937-38.

In delivering his budget speech on July 3, Hon. J. H. Penson, Commissioner of Finance, estimated revenues for 1938-39 at $11,221,242. This is $181,776 short of the budget estimate and $1,050,970 lower than in 1937-38.

Expenditures for the year amounted to $15,216,298. Expenditures in 1937-38 totalled $14,150,535.

The Commission of Government estimates expenditures for the 1939-40 fiscal year at $17,116,900, an increase of over $1.9 million. Revenues are estimated at $11,381,700, an increase of $160,458. On the basis of estimates there will be a deficit of $5.7 millions which will mean an increase of $1.7 million in the amount of aid required from the United Kingdom Government.

Excise Taxes Increased

In his budget speech, Hon. J. H. Penson announced the first increase in taxation since the Commission of Government took office. Excise taxes on Newfoundland-made beer, cigarettes and tobacco are to be boosted. Furthermore, the increase is not to be passed on to the consumer as the Commission feels profits of the companies manufacturing these products are sufficient to warrant the increases.

Further large expenditures are to be made under the Government's long term reconstruction programme. The largest single expenditure under this heading will be $1.6 million on roads and bridges. A total of $986,000 is to be spent on agricultural development, $200,000 to encourage new industries, $220,000 to assist in the establishment of a plant for the manufacture of herring meal and oil and $315,000 on a fishery development scheme. Cost of guaranteeing minimum fish prices to producers is estimated at $650,000.

Estimates also include an initial grant of $50,000 for the establishment of a defense unit modelled after the British Territorial Army

Mine Output Value Shows Small Drop

Declines 7% in First Six Months — Zinc, Lead Hit

The Dominion Department of Mines estimates that there was a decline of $2.2 millions in Canadian mine production during the first six months of 1939, compared with the same period of 1938. Total was $29,459,634 against $31,699,307.

Dividends paid in 1939 up to and including June by mining companies totalled $2,178,333, compared with $1,842,849 for the same period of 1938.

Following are the production estimates, with percentage gain or loss over the first half year of 1938.

	$	% Change
Gold, placer	404,809	— 6.6
Gold, lode	9,616,534	+ 2.2
Silver	2,061,504	—15.9
Copper	3,550,710	+12.3
Lead	5,518,172	—17.8
Zinc	3,556,223	—28.2
Coal	2,851,682	+ 5.3
Structural materials.	1,000,000	— 2.4
Miscellaneous	900,000	+ 7.1
Total	29,459,634	— 7.1

Average metal prices for the first six months of 1939 (estimated) and for the first six months of 1938 are as follows:

	1939	1938
Gold	$35.16	$35.12
	cts.	cts.
Silver (New York) ..	42.948	43.891
Copper (London)	10.002	9.551
Lead (London)	3.022	3.393
Zinc (London)	2.861	3.109

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Dosco Activity Holding Firm

(Continued from page 1)

with a year ago, orders are holding up well.

Paying Their Way

Operations around the Border Cities, where the company acquired a number of iron and steel properties from United States Steel, are much the same. The Canadian Bridge Co., a wholly-owned subsidiary, has had a reasonably good volume of business this year to date, while the other divisions are paying their way.

There has been no change in the management's policies regarding these new properties. There has been talk from time to time that Dosco would undertake a programme of rehabilitation and expansion at the Border Cities, but the policy in force, and one which will be carried on for the time being, is to go slowly. The properties acquired from United States steel are self-sustaining and until conditions take a turn, Dosco is not likely to initiate any major programme.

Spend Money on Plant

One of the iron and steel operations of Dosco which seemingly escaped general recognition is the large sums of money which the company has been spending on plant, especially in the Sydney area. From the beginning of 1930 to end of last year the company spent $6,235,000 net on capital account. This figure includes the outlay on Seaboard Power and the Sydney iron and steel property, but does not include any capital outlay on the properties of Dominion Coal Co. nor does it include the amounts spent by the company on maintenance, repairs, etc., which expenditures are charged directly against operations.

As a result of this practically unheralded programme of renovation the changes effected have brought the Sydney iron and steel plant up to the highest level of efficiency in its history. New machines have been installed in the wire-drawing mill and nail plant. The Seaboard Power plant's capacity has been greatly enlarged and the rod and other mills at Sydney are now almost completely electrically operated. Hitherto the Sydney mill power was derived from a number of steam plants.

More This Year

The work has not ended, for at present the company is spending $1.5 million on two new open hearth furnaces. These units are scheduled to come into operation about the first quarter of 1940. They should contribute substantially to lowering costs and their combined capacity will be sufficient to take care of well over half of the company's total requirements.

Including the work in progress and that already done the company's capital expenditures since 1930 reach the impressive figure of close to $8 millions, most of which has been spent in the past few years.

Big Coal Year

Reports on other divisions of Dosco's operations are as encouraging, if not more so, than for the iron and steel section. Coal operations, largely handled by Dominion Coal Co., will be substantially greater this year than in 1938. Iron ore shipments from Belle Isle will be well up to last year's mark. The company is continuing to ship large quantities of ore to the German markets. Shipments to Sydney are likely to be higher this year in view of the greater activity in the iron and steel plants. Some ore is being shipped to England and some to the United States, but the quantity going to these two markets is relatively small.

Profit Prospects

It is not possible to tell at the half year mark just how earnings have shaped up for the six months passed or how they are likely to go for the full year. Profits from the iron ore shipments from Wabana are likely to be on the same basis as in 1938, inasmuch as there has been no change in the volume of shipments, while the price of the ore varies little from year to year. Coal profits are difficult to estimate and so are those on iron and steel.

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Simpson's

Quebec Farmers Pay Interest Promptly

From Our Own Correspondent

MONTREAL.—The Quebec Farm Loan Bureau reports farmers are making prompt payments on mortgage loans obtained from the Bureau.

According to an official statement, only 12 borrowers were in default at May 31. Loans do not go into default if the payment is made within 30 days of the payment date. An announcement by the bureau states "the low proportion of debtors behind in their payments is to be noted considering that up to that date there were 17,982 installments due."

During May the bureau made loans totalling $1,007,950. The total amount of loans authorized at the end of May was $31,735,414, divided among 13,687 borrowers.

Bond Redemptions

Can. Nor. Pwr. ..	†5%	1953	Aug. 1	101½
Dom. Tel. Secs.	‡5½%	1978	Aug. 2	100
Dom. Textile	4½%	1955	Sept. 1	105

For sinking fund purposes: †$452,500. ‡$4,800.

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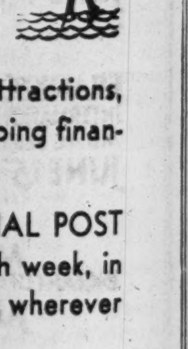

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Weekly Record of Financing in Canada

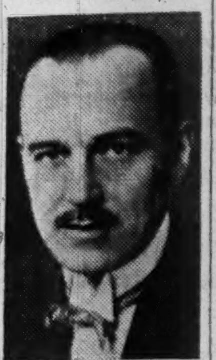
SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Antigonish, N.S.	July	R. A. Daly & Co.	4%	30-yr. ser.	$84,500	103.55	3.72%
Dominion—							
Canada Treasury Bills	June	....	...	Sept. 29 '39	25,000,000	99.840	.604%

London Calling — By Atticus

British Government Proceeds Leisurely to Set up Publicity Bureau — Walter Lippmann in London

LONDON.—The appointment of the Earl of Perth as the more or less permanent head of a newly created publicity department of the Foreign Office sustains the Government's reputation for unexpectedness.



LORD LLOYD

The successive steps toward a Ministry of Information have a certain suggestion of the Rake's progress about them. First there was a Travel Bureau which operated on a shoe string. Then came the British Council for Cultural Relations, which came to life under Lord Lloyd's vigorous leadership. His funds were limited, but he brought to his task that aggressiveness which has always won for him admirers and critics in equal ratio. Unpaid, and presumably unthanked, he has done much fine work in making Europe know something of our traditions and our decencies as a nation.

Somewhere in this story Sir Robert Vansittart makes an appearance. When he ceased to be the permanent head of the Foreign Office he was appointed Chief Diplomatic Adviser to the Cabinet and also Chief Co-ordinator of all means of National Publicity. Everyone felt we were getting on. Slowly, like Frankenstein's monster, the British opposite to Dr. Goebbels was taking form.

* * *

New Publicity Chief

One or two ribald minds wondered that our new super-publicity chief should be the gifted Sir Robert, who was known as "The Man of Secrets." Could one who had been trained all his life to whisper suddenly take to the megaphone? I have no doubt that Sir Robert Vansittart co-ordinated all means of national publicity in the most brilliant and agreeable manner. The fact that he did it with complete secrecy shows that even in publicity there is room for reticence. Incidentally Sir Robert is still the nation's publicity chief—or is he? Let us leave the mystery unsolved . . . .

Mr. "Rab" Butler, who takes the bowling for Mr. Chamberlain and Lord Halifax, will now add Lord Perth to his team. As Under-Secretary for Foreign Affairs he will answer questions on the Foreign Office publicity department. It is said that he has already laid in an extra supply of imperturbability.

But the story does not end there. There is a general recognition that if war should come truth, like everything else, could not expect any special consideration. It will have to rough it with the rest of us. Therefore the publicity department of the F.O., the British Council, the Travel Association and presumably Sir Robert Vansittart, would all merge into an open and unashamed Ministry of Propaganda. The miracle of the monster will be complete. Goebbels will meet his match at last.

If Lord Perth lacks some of the attributes of a successful public relations officer, if he has never published a newspaper, nor made a film, nor directed a broadcasting station, he possesses a most comprehensive acquaintance with the men that matter in Europe. When, as Sir Eric Drummond, he held the post of Secretary-General to the League of Nations, he made innumerable friends of every nationality. As our late Ambassador to Rome he had an excellent chance to study the methods of propaganda by which a dictatorship popularizes the unpopular and regulates the national emotions with a delicacy which is the admiration of other nations. He will bring a fine intelligence to his task, although whether or not it is the right kind of intelligence remains to be proved.

* * *

Walter Lippmann

Recently I was allowed to do a little quiet propaganda work in connection with one of America's most distinguished political journalists, Mr. Walter Lippmann. That indefatigable host, Captain Victor Cazalet, arranged tea on the terrace for Mr. and Mrs. Lippmann and included among his guests Lady Oxford, his sister Thelma, Dr. Weizmann and myself. By this method our guests were able to come in contact with a perfect cross-section of British public opinion. Mr. Lippmann, like so many distingushed Americans, is modest and utterly unassuming. He listened to us all with patience and respect and never obtruded his own point of view for a moment.

Yet Mr. Lippmann's daily column in America is read by millions of people. While its principal publication is in that admirable journal the "Herald-Tribune" of New York, it appears simultaneously in a great number of other morning newspapers. I would unhesitatingly rate him as the best political writer in the U.S.A. His style is clear and forceful but always dignified. He keeps his sense of proportion even when there is an emotional stampede all about him. He has a deep appreciation of the part which Great Britain has played and will play in human destiny. He does not hesitate to criticize British policy, but he is never ungenerous and refuses to indulge in the cheap jibes of some of his colleagues who, from their superior isolation in Brooklyn, have no trouble in understanding everything about the European situation.

Mrs. Lippmann is a most attractive young woman.

* * *

Romance

During the party on the terrace which I have just described Miss Thelma Cazalet was in the gayest of moods. She is always a spirited and charming listener, but on this occasion she made wits of us all by her unforced interest in our efforts Not for the first time I found myself wondering that a young woman so capable of creating a happy atmosphere should never have married. Even being an alderman, an M.P., and a Parliamentary private secretary is not a complete answer to a woman's dreams. Yet I had to confess that public life had lent a sparkle to Miss Cazalet's eyes and a flush to her cheek that one associates with other causes.

The next morning I read the announcement of her engagement! With that unfailing instinct of the man of affairs I had completely failed to discover the secret that any woman would have probed in five minutes. Mr. David Keir is a good-looking young man who fought three elections as a Liberal, and is now a popular and esteemed member of the Lobby Press. Thus does romance invade the very precincts of Government and persuade our only woman P.P.S. to go happily, but demurely, into the "Aye" Lobby after the question has been put.

* * *

The Guest Brothers

With the passing of Viscount Wimborne we are seeing yet another break in the story of the five Guest brothers. Lionel and Oscar (who, like his brother Henry, is a member of the Commons) were gentle and philosophical in type. The late "Freddie" Guest and the late Lord Wimborne were cast in the same mold. As young men they displayed immense vitality and met life with a warmth and eagerness that created problems as well as happiness for them. Sometimes their very forcefulness and *brio* were inclined to cloak the native shrewdness which they brought to public life. To look back upon the past 25 years is to realize that both the brothers were frequently ahead of their time in assessing the problems that confronted us as a nation.

When Lord Wimborne was Lord-Lieutenant of Ireland in the war he suffered from the confused counsel and involved direction of Irish affairs. His own policy was one of firmness and conciliation. Instead, he found himself confronted with an official atmosphere of opportunism which only became active after the event. He wanted to forestall the Easter rising in 1916, but could not get sufficient support.

The Irish people liked him. He was forthright, a lover of horses, fearless, and generous. Such qualities would endear him especially to the fascinating if troublesome inhabitants of the distressful Isle. Later, in the General Strike, Lord Wimborne played a far more decisive part in the settlement of that unhappy affair than has ever been acknowledged. It was not easy to find someone who had the confidence of both sides, and once more the shrewdness and hearty warmth of the Guest strain proved of great value to the nation.

So much for the man of affairs. His name deserves our gratitude and respect. And there must have been something basically good about one who held the unbroken affection of his four brothers through the years.

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U.S. Decision Hits B.C. Hope

Congress Retains Excise Tax on Canadian Lumber

From Our Own Correspondent

VANCOUVER.—The decision of the United States Congress to retain the $1.50 excise tax on Canadian lumber has blasted hopes of the British Columbia industry that the levy would be withdrawn to permit entry into the important American market. But so long as the sales to the United Kingdom are maintained at present levels the lumbermen are not seriously worried.

By refusing to give concessions to Canadian lumber in the American market, the United States has forfeited its opportunity to gain a larger share of the British market. Under the Anglo-United States agreement equality was offered with Canada to United States lumber, on condition that Washington would abolish the excise tax on imports from Canada.

The trade agreement did give American lumber some concessions anyway, but these did not affect the grade and type of lumber in demand and which British Columbia mills have been supplying in unprecedented volume.

B. C. Still Ahead

The upshot of these developments, therefore, is that British Columbia is still without serious American competition in the most important foreign lumber market. Last month British Columbia mills shipped 90 million feet of lumber to the United Kingdom, one of the best performances on record. There is little doubt that shipments will reach an all-time peak this year.

Prices, too, have advanced somewhat, so that the industry will be able to record a more profitable year as well as one of exceptionally heavy volume sales.

Canada's Power Assets Stressed in Fair Exhibit

Wider appreciation among the American and world public of Canada's huge potential of water-power resources (43 million h.p.) and the extent to which these have been developed (8.1 million h.p.), is resulting from the water-power exhibit in the Canadian Pavilion at the New York World's Fair.

Built around the themes of "Canada—Home of Low cost Power," the display is sponsored jointly by the Dominion Departments of Mines-Resources and Trade-Commerce. In addition to stressing Canada's wealth in developed and undeveloped water-power, the exhibit depicts power as a dominating factor in development of industries utilizing other natural resources of the Dominion, and as source of comfort and convenience for 62% of Canada's population.

A brochure distributed in connection with the exhibit, brings out that Canadian water-power supplies 80% of the energy operating secondary industries in Canada, and is used almost exclusively in pulp-paper, electro-metallurgical and electro-chemical industries.

WALSH EXPANDS

W. George Akins, who is in charge of the new and enlarged Toronto organization of the Walsh Advertising Co., to be inaugurated immediately, according to an announcement of Thomas E. Walsh, president.

B.C. Foothold Sought By Refugee Industry

European Capital and Industrial Brains Find Haven on West Coast and Establish Welcome New Enterprises

From Our Own Correspondent

VANCOUVER.—"Refugee" capital and industrial brains have already become a factor in British Columbia's business life. There are indications that within the next few months they will play an important part in this province's factory production.

Long before Germany's "putsch" in Czecho-Slovakia, important interests in the latter country realized what was coming and prepared for evacuation. As a result, several groups have recently become established in British Columbia, where they have started to apply central European methods in specialized trades.

First company to get under way here was Pacific Veneer Company, financed and operated by former Czechs. They are manufacturing hardwood veneer by methods hitherto never adopted in this country. While much of the veneer is imported or brought from the east, several of the proposed lines will be manufactured from B.C. wood.

Another group has taken over International Wood Products, formerly a subsidiary of the Kraft cheese interests. Until shut down several months ago, it made boxes for shipment of dairy products. The new company, financed by central Europeans and managed by Fritz Koerner, is to be known as Alaska Pine Company and it will specialize in kiln dried hemlock and other species.

Koerner is a member of a Czech family who until recently operated a chain of sawmills in Czecho-Slovakia. They are said to be powerfully backed, and they may prove a valuable acquisition in developing sidelines of the lumber industry previously neglected.

N. Y. Investigator

Another representative of European capital recently in Vancouver was Ernst Oberhumer, of the Wall Street firm of Bogert & Company. He told The Financial Post that he was acting for holders of several millions of dollars anxious to invest in British Columbia. He showed particular interest in the wood-using industries.

Another group, or perhaps a combination of some of the interests already mentioned, is said to be contemplating investment in the rayon industry here. Already several British Columbia pulp mills are manufacturing pulp for rayon manufacture in Japan and eastern United States. Development of rayon manufacture here would be a logical step, trade experts believe.

Transparent Wrappings

So far without confirmation is the report that another company plans to manufacture transparent film wrappings and similar cellulose products. The chief obstacle would be the restricted domestic market and the difficulty of breaking into the tariff-protected American zone. However, it is an interesting possibility.

So far as can be learned, the newcomers are receiving full co-operation from established companies here, manufacture of directly competitive lines not being contemplated.

In the past British Columbia industries have concentrated pretty much on primary manufacture of such products as lumber and pulp. They have not gone into the more specialized fields such as have been intensively developed in Central Europe. For that reason the movement toward introduction of the new methods and new products is welcomed.

Koerner has made a thorough survey of the sawmill and pulp industries of British Columbia, and he believes that there is scope for many phases of production neglected in the past. Entry of Central Europeans with their traditional necessity of making the most of their raw material is expected to be an important influence in utilizing to a fuller degree the raw materials of B.C. industry.

Other Investment Experts Plan $150,000 Portfolios

By RONALD A. McEACHERN
Staff Writer, The Financial Post

Controversy continues over investment selections in an article several weeks ago. It is significant that the four prominent investment counsellors who prepared a statement of how they would invest $150,000 differed so widely; not only in the specific suggestions made, but in the type of investment. For instance, one list practically ignored mines altogether; another was devoted entirely to mines.

Following are two more investment lists submitted. Naturally continuing the anonymity of the investment counsellors, the following shall be called "E" and "F."

Investment man "E" (of Montreal) complains that previous lists gave a "low" income, "due in the case of lists one, three and four to the inclusion of a substantial amount in low yielding bonds and cash, and in case of lists two and three to a number of non-dividend paying mining shares." He also notes, "with considerable interest," that in list four, which includes 48% of bonds, "indicating decided conservatism, these bonds consist of Dominion of Canada's and Province of Alberta's!"

Requirements Stated

Expert "E" continues:

"Quite recently we were asked to prepare an investment list for a client who wanted investments that would fall under the following category, which he outlined to us as follows:

"'In view of the cheapness of money as indicated by the yield from high-grade bonds, first-class equities appear to be selling at too high a yield basis. This is mainly due to war fears, etc. I want a list of sound equities with good dividend records, companies to be well established and in good financial position and giving an average return of about 5½%.

"'My view is that these securities should in due course appreciate to a point where they will yield between 4 and 4½%, which would give me an average appreciation of over 20% in capital values. I would then take this profit and regard it as income, which would be a most satisfactory return, even if I had to wait for 18 months to 2 years. If the probabilities of war in Europe lessened due to peace conferences among the leading nations, I should get this appreciation in a much shorter time.

"'On the other hand if there was no worth-while capital advance I would still be holding good equities giving me a revenue of 5½% on my total investment.'

"To comply with this request we prepared a list, copy of which I enclose herewith."

PORTFOLIO "E"

No. shs.	Stocks	Yield %	Approx. cost $	Annual inc. $
	Industrials $50,450—33.7%			
300	Asbestos Corp. .	5.45	6,600	360
300	Can. & D. Sugar	5.55	8,100	450
100	Can. Celanese, p.	6.93	10,100	700
100	Goodyear Tire ..	3.67	6,800	250
500	Imp. Tobacco ..	3.78	8,250	312
250	Ogilvie Flour ..	3.57	7,000	250
50	Steel of Can. ...	5.20	3,600	187
	Base Metals $33,400—22.3%			
100	Cons. Min. & S.	5.12	3,900	200
300	Int. Nickel	4.26	14,100	600
200	Noranda	5.20	15,400	800
	Hydro-Electrics $17,300—11.5%			
300	Mont. L. H. & P.	4.84	9,300	450
400	Shawinigan	4.5	8,000	360
	Gold Mines $18,950—12.7%			
300	Bralorne	8.64	3,300	285
100	Dome	6.16	3,250	200
300	Hollinger	7.59	4,350	330
1,000	Wr.-Hargreaves.	8.71	8,050	700
	Oils $17,600—11.7%			
500	Brit. Amer. Oil .	4.55	11,000	500
400	Imperial Oil	7.58	6,600	500
	Liquors $12,000—8.1%			
200	Walker-G. & W.	10	8,000	800
100	Nat. Breweries .	5	4,000	200
			149,700	8,435

Average yield—5.64%

Investment counsellor "F" presents still different ideas about the wise present investment of $150,000.

PORTFOLIO "F"

$	Bonds	Yield %	Approx. cost $	Annual inc. $
25,000	Dom. of Can., 4½/44	2.23	27,875	622
10,000	Shawinigan, 4/61	3.63	10,550	383
15,000	Gatineau Pwr., 5%/49	4.37	15,750	688
			54,175	
	Stocks (Preferred)	Dividend		
100	Goodyear Tire, 5% ..		5,700	250
200	Walker-G. & W., $1 .		4,000	200
			9,700	
	(Common)			
200	Ford Motor, $1		3,800	200
100	Gen. Motors, $1.50 ..		4,400	150
200	Brit. Amer. Oil, $1 ...		4,400	200
200	Imperial Oil, $1.25 ..		3,400	250
100	Int. Petroleum, $2 ...		2,600	200
100	Noranda, $4		7,900	400
100	Hud. B. M. & S., $1.50		3,200	150
100	Int. Nickel, $2		4,800	200
100	Nat. Breweries, $2 ..		4,000	200
100	Steel of Can., $1.75+$2 in 1938		7,200	*375
100	Mont. Power, $1.50 ...		3,100	150
			48,800	
	(Senior Golds)			
200	Hollinger, $1.10		2,900	220
400	Wright-Harg., 70c. ...		3,300	280
200	Dome Mines, $2		6,400	400
200	Bralorne, $1.20		2,300	240
100	McIntyre, $2		4,200	200
			19,100	
	(Junior Golds)			
1,000	Premier Gold, 12c. ...		1,900	120
1,000	East Malartic		2,400	...
1,000	Central Patricia, 21c .		2,400	210
1,000	Kirkland Lake, 10c		1,350	100
1,000	San Antonio, 14c		1,550	140
1,000	MacLeod-Cockshutt, .		2,000	...
			11,600	
	(Junior Oils)			
1,000	Home Oil		2,200	...
1,000	Calg. & Edmonton, 8c		2,000	80
1,000	Anglo Canadian		1,200	...
			5,400	
	Total................		148,775	6,608
	Cash		1,225	
			150,000	

*Includes equalizing dividends of $200 paid last year.

Boards Ask Disallowance Of Alberta Legislation

From Our Own Correspondent

EDMONTON. — The Dominion Government will be asked to disallow Alberta's Limitations of Actions Act amendment, the Judicature Act amendment, and the Land Titles Act amendment. Request for this action will be made by the Alberta Board of Trade and Agriculture which held a one-day conference in Red Deer recently.

These provincial statutes were attacked at the meeting and the delegates representing 40 boards of trade and chambers of commerce throughout Alberta will make representations to Ottawa for disallowance.

Northern Electric Makes Ottawa Sales District

Northern Electric Co. has recently made Ottawa the centre of a new sales district with W. R. Sandison as district manager, reporting to the vice-president. The company has had an office in Ottawa for the past 23 years, with district headquarters in Montreal. Mr. Sandison has been representing the company in Ottawa for the past three years.

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FRANKFORT INTERNATIONAL MUSIC FESTIVAL JUNE 15th-24th
SALZBURG FESTIVAL AUG. 1st-SEPT. 8th
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Investment Trends

Investor Interest Ebbs As War Scares Revived

Trading Falls to Record Low at New York — Good Base For Recovery if Europe Settles— Construction Brighter

Total transactions on the New York Exchange set a new low record since the close of the Great War this week, graphically illustrating the extremely low ebb to which investor interest has sunk.

Another incipient war crisis was enough to force price declines that took the Montreal industrial average down about four points, Toronto down a little over five and New York down over seven. It is claimed in some quarters that this war scare was largely developed on this continent as there was little selling from European sources to force prices down.

If we could eliminate the threat of further war scares, it is believed that markets in this country are near a point from which renewed recovery and advances could make their start. If Europe and the Far East relaxes, then a turn-about on the stock markets could easily take place. But the same line of reasoning makes it clear that any further tension in that source could bring further liquidation.

* * *

May Be Recovery Base

Technical students of the stock markets have been maintaining that it would be quite normal and in order for a reaction to follow the slow two-month rise that set in early in April. The expected bottom limits for this reaction were said to be around 128 for the Dow-Jones industrial average in New York and corresponding levels on the Toronto exchange would be around 108. Last week's drop took stocks down just a little above these key levels and apparently satisfied requirements for a normal correction and test of the strength supporting the rise.

Given continuation of gradually improving business trends here and in other countries, there should be grounds for looking for resumption of the recovery. But any calculations can so easily be thrown out of balance by an unpredictable action in Europe that investors cannot be blamed for standing aloof.

Continuation of tension from this source might even bring about tests of the support underlying the market a few points lower where the March-April decline was stopped.

Throughout this trying period, the best performance has been given by best grade stocks. Bell Telephone, for example, still hovers within a few dollars a share of its all-time high. Until conditions look more clear, it seems only the part of ordinary prudence to emphasize the calibre of a portfolio.

* * *

Construction Bright Spot

Construction continues as a bright spot in the business picture in this country. This industry has been accused of lagging behind other activities so often that investors can find encouragement in any leadership that this laggard group might give.

Engineering contracts, which include bridges, dams, wharves, sewers and water-mains and highways, is the division that is making least favorable showing. Though this group showed a slight increase in June, it is 40% down for the first six months from last year. This may be of interest to Canada Cement as it is in such jobs that huge quantities of cement are required. Residential, business and industrial contracts all show gains for the first half of this year over a year ago. These range from 43% for industrial construction to 30% for residential and 3% for business.

Easy Washing Business Holds

Net Profit for Six Months Comparable to 1938 Period

Easy Washing Machine Co. reports net profit for the first six months of the year almost exactly comparable with the same period last year.

Domestic sales increased slightly for the six months, but export business decreased because of unsettled conditions abroad. Sales of all brands of Canadian washing machines were down more than 10% in the six months period.

While general business conditions will determine operations in the remainder of the year, two factors, lower operating costs and new models are expected to benefit the company. The management is hopeful that earnings for the full year will approximate those of 1938, when net profit was equivalent to $2.78 a share on the 7% preferred, $10 par value, and 44 cents a share on the common.

On July 1 the company paid an installment on the purchase of its plant and the amount now owing is $20,000 on the original purchase price of $50,000.

Joins Board of Dominion Rubber

From Our Own Correspondent

MONTREAL.—Paul C. Jones, chairman of the board of the Terminal Warehouses Ltd., Toronto, has been elected a member of the board of directors of Dominion Rubber Co.

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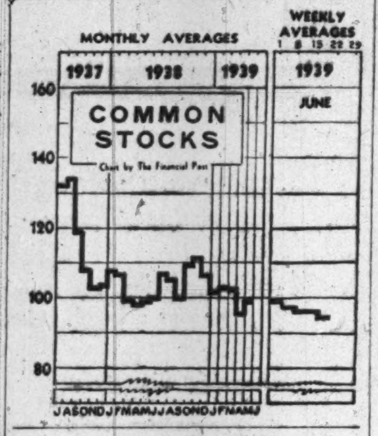

Investment Notes

Fanny Farmer business in the year to date has shown an improvement over a similar period in 1938, John D. Hayes, president, states in a letter to shareholders. Signs point to a continued increase for the balance of the year, Mr. Hayes states.

* * *

Canada Dry—Indications are that the company will show a good increase in profits for the year ending Sept. 30, 1939, above the $1.12 a share earned last year. It is said that for the three months ending June 30, 1939, net income will be around 40 cents a share as compared with 29 cents a share a year ago and that recently effected changes in the company's distribution and sales policies have increased profit margins while at the same time building sales.

* * *

Famous Players—Greenshields & Co. has acquired a limited number of this company's common shares by private purchase. This stock is being offered at the current market but does not constitute new financing by the corporation. In recommending these shares Greenshields Co. say "the immediate return, however, is in our judgment less important than the possibilities of increasing earnings and dividend-paying ability suggested by the company's progress in the past few years."

* * *

Bell Telephone—This stock has given outstanding action so far this year. Within the past week it sold at $178, equal to the 1937 high and only $5 a share below the all-time high of $183 a share in 1929. This stock was an exception to the general down-trend on June 28, gaining $2 a share. It seems to be one example of the effect of low interest rates in turning investment attention to better grade common stocks.

* * *

Hinde & Dauch—Following halving of the dividend, publication of the report of F. A. MacGregor, combines investigator for the Dominion, and news of successive price cuts, this stock suffered sharp declines. Some recovery has taken place although the shares are still well below former levels. Hinde & Dauch is the leader in the paper box business in Canada. Currently plant operations are around capacity and the company is believed to be above the break-even point even at prevailing low price levels. Word has just been received that Ontario is not taking any action on the combine charges.

Hinde & Dauch Feels Price Bottom Reached

Selling price of shipping cases has decreased a further 10% since April 1, 1939, according to L. F. Winchell, vice-president and general manager of Hinde & Dauch Paper Co., in a letter accompanying current dividend payments. On the company's principal board production a cut of 3% has taken place.

This situation has been disturbing to the company but has been alleviated, according to Mr. Winchell, by many plant improvements, as in every case improved units are meeting efficiency expectations.

Mr. Winchell feels that, while the bottom has been reached, it is impossible to anticipate when any relief will be felt. The company is said to be in a position to take advantage of any recoveries in either price or volume and is looking forward hopefully.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	121.7	108.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	62.1	36.9	48.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	83.1	44.4	103.7
Apr.	111.1	11.8	71.4	162.9	53.1	169.2	116.9	119.8	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
Weekly Figures:												
June 1 ..	114.6	12.4	79.7	167.3	56.0	178.8	123.6	129.3	61.6	84.1	44.0	99.6
June 8 ..	113.2	12.7	78.4	159.6	56.7	179.7	125.6	131.7	62.0	84.9	44.6	99.0
June 15 ..	114.9	13.[illegible]	78.9	153.2	55.6	179.1	126.2	130.7	61.7	85.0	44.0	97.5
June 22 ..	115.5	12.1	77.5	150.7	54.5	179.4	125.2	128.4	60.8	85.0	43.6	96.4
June 29 ..	113.7	11.5	74.8	151.0	57.5	178.3	122.0	124.2	59.1	85.2	42.5	94.9

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
July 4	110.29	118.99	84.77	27.96
July 3	108.49	116.96	83.45	27.80
July 1	—Holiday—			
June 30	108.02	115.92	83.50	27.67
June 29	107.99	114.79	82.86	28.05
June 28	110.73	118.57	84.41	28.37
Month ago ..	114.42	122.39	87.98	31.16
Year ago ...	121.17	118.33	88.76	36.24
High, 1939 ..	125.92	128.96	101.27	45.00
Low, 1939 ...	103.38	105.85	80.75	27.00

Montreal Stock Exchange Averages

	10 Utl.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
July 4 ...	65.1	69.6	68.1	66.71	108.00
July 3 ...	64.4	68.1	66.9	62.09	107.99
July 1	—Holiday—				
June 30 ...	64.6	68.1	67.0	63.01	107.73
June 29 ...	64.6	68.1	66.9	63.05	107.98
June 28 ...	65.7	69.6	68.3	65.99	109.84
Month ago .	67.0	72.6	70.7	73.82	112.36
Year ago .	68.6	81.7	77.4	136.42	119.07
High, 1939 .	70.1	85.0	79.1	119.77	126.48
Low, 1939 .	60.4	65.5	65.4	62.09	103.86

Goodyear Net Above Dividend

Earnings of Goodyear Tire & Rubber Co. of Canada for the six months ended June 30, 1939, exceeded dividend requirements for the period, according to A. G. Partridge, president. He says that, "While completed accounts for the first six months are not yet available, your company's total sales for this period will compare very favorably with the same period of 1938 and earnings will continue reasonably satisfactory," in a letter accompanying current dividend payment.

Mr. Partridge, however, points out that new car registrations in Canada are approximately 18% below those of 1938. As Goodyear is the largest maker of automobile tires in Canada, it is to be expected that this drop has also meant some curtailment of tire sales to automobile manufacturers for original equipment.

Dom. Alloy Steel Plans Share Cut

Control of Company Changes and Reorganization Proposed

Holders of the 8% non-cumulative preference shares of Dominion Alloy Steel Corp., Sarnia, are meeting in Toronto, July 14, 1939, to consider a plan of reorganization. It is proposed to cancel unissued preference shares and write down book value of the 132,812 outstanding preference shares from $4 a share to $1 a share, by giving one new no-par share for each present share. New preference shares would carry a non-cumulative preferential dividend of six cents a share, present rate being 32 cents a share. Holders of the new stock would not be entitled to vote on general company matters.

Capital will then consist of 132,812 no-par preference shares and 200,000 common shares of which 171,406 shares are outstanding.

A letter sent to shareholders, and signed by Arthur Wilkes, London, and John C. Ferguson, Toronto, states that W. B. Boyd, president and general manager, and his associates have severed all connection with the company. Mr. Boyd has transferred 162,000 common shares to three trustees to be held by them in the general interest of the company and shareholders. The trustees are R. A. R. Sinclair, Toronto, solicitor for the shareholders' interests; the auditors, Price, Waterhouse & Co.; and Arthur Wilkes, London.

The letter states that present financial position is not good and that current assets are not sufficient to take care of current liabilities. The committees recommend placing a $100,000 first mortgage on the property following the capital write-down proposed.

Adjourned annual meeting of the company is also called for July 14. The notice of the annual meeting, signed by the new secretary, B. H. McCreath, Toronto, states that shareholders will be asked to approve action of directors in borrowing $7,500 on security of the company's floating mortgage debenture dated June 12, 1939, and to give directors power to arrange the $100,000 mortgage.

G. Tamblyn Ltd. Sales Reported Slightly Off

Sales of G. Tamblyn Ltd. during May and June have been slightly off, W. C. Scott, president, reports in a letter to shareholders. Quiet business seems to be the general experience of all companies in the drug trade, Mr. Scott states.

The company's store in Windsor, which does the greatest volume of business in the chain, has been remodelled, and better business is expected as a result. Additional units have been added to the company's agency stores, which are expected to add to sales volume.

Vancouver Kraft Incorporates on Coast

From Our Own Correspondent

MONTREAL. — Vancouver Kraft Corp. has been incorporated with B. C. charter. Capitalization consists of 6,858 preferred shares with par value of $100 each, 20,000 common shares of $1 each, making a total par value of $705,800.

Foreign Exchange

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
July 3	1.00[illegible]	1.00[illegible]
July 1	—Holiday—	
June 30	1.00[illegible]	1.00¼
June 29	1.00¼	1.00[illegible]
June 28	1.00¼	1.00[illegible]
June 27	1.00¼	1.00[illegible]

U. K. Pound	Closing	Last Year
July 3	4.69½	5.00
July 1	—Holiday—	
June 30	4.69¾	5.00½
June 29	4.69¼	5.00½
June 28	4.69¼	5.00¾
June 27	4.68⅞	5.00⅞

Other Currencies, July 3

Australia .	3.76	Italy	.0527⅞
Belgium ..	.1705	Japan	.2740
Denmark .	[illegible]	Jugoslavia.	[illegible]
France ...	.0265¼	N. Zealand	3.70
Germany .	[illegible]	Norway ..	.2370
Greece ...	[illegible]	S. Africa .	4.68⅞
Holland ...	.5333	Sweden ..	.2418
Hungary ..	.1977	Switzerland	.2262
India	.3509	Hong Kong	.2884

Page-Hersey Expects Gain

First Half Business Down But Current Trend Upward

Business for the first four months of this year was retarded by the late spring and unsettled international situation, according to C. L. Dunbar, president of Page-Hersey Tubes.

Since then, however, the visit of Their Majesties has aided in re-establishing confidence, he says. Trend of business is now upward and the action of the Dominion in allowing a 10% income tax credit on plant improvement is expected to be of assistance to the company. Already evidence of substantial new capital expenditures have been noted and an increased demand for tubular products is expected.

Hope to Reach 1938 Level

Official figures have not been issued, but it is thought that Page-Hersey experienced approximately a 10% reduction in activity for the first half of the current year. Based on indicated improvement now being felt, it is hoped that final figures for 1939 will approximate last year, when $4.23 a share was earned on the common.

Work is now under way on erection of a new plant at Welland to accommodate the newly acquired "Fretz-Moon" process for manufacturing buttweld pipe by a continuous process. It is expected to have this plant in operation by October of this year.

When completed, it will enable the company to make pipe in longer lengths than now available in Canada and effect savings in costs.

C. P. R. Earnings Increase in May

Increase in Gross Accounts for Sharp Rise in Net Earnings

From Our Own Correspondent

MONTREAL.—Net earnings of the Canadian Pacific Railway increased by about $1.5 million in May. This is the third consecutive month in which there has been an improvement in earnings.

The increase in net is largely due to betterment in gross earnings. However, operating expenses were reduced slightly.

Cumulative returns for the first five months show an increase of $2.1 millions in net earnings. Of this increase, $1.8 million is due to reduction in operating expenses and $311,102 to improvement in gross earnings.

Present indications are that net earnings of the Canadian Pacific Railway from railway operations will be higher in 1939 than in 1938. A favorable factor is the prospect of a larger grain crop in western Canada. Movement of grain is an important item in earnings of the company.

Month of May	1939 $	1938 $
Gross earnings	11,994,295	10,562,620
Oper. expenses	10,087,339	10,140,502
Net earnings	1,906,955	422,118
Five Months Ended May 31		
Gross earnings	51,453,686	51,142,584
Oper. expenses	47,165,661	48,972,963
Net earnings	4,288,025	2,169,620

Anglo-Norwegian Pays $3.50 on Arrears

From Our Own Correspondent

MONTREAL. — Anglo-Norwegian Holdings Ltd., has declared a dividend of $3.50 on each of the outstanding preferred shares, payable on June 30 to shareholders of record June 28. This dividend is in respect of arrears for the half year ended on June 30, 1937. This corresponds to similar action taken by the corporation last year and leaves arrears at $14 a share on June 30.

Canadian Tube & Steel Declares $1 on Preferred

From Our Own Correspondent

MONTREAL.—Canadian Tube & Steel Products has declared a dividend of $1 a share on the 7% cumulative preferred stock, to shareholders of record July 8, payment to be made on July 15.

BUYS TORONTO SEAT

From Our Own Correspondent

MONTREAL.—Thomson, Mathewson & Co., Montreal brokerage concern associated with Nesbitt, Thomson, investment dealers, has purchased a seat on the Toronto Stock Exchange. The firm already holds memberships on the Montreal Stock Exchange and the Montreal Curb Market.

U. S. Newsprint Output Higher

From Our Own Correspondent

MONTREAL.—For the first 23 weeks of 1939 American newsprint mills operated at 81.2% of capacity, according to production reports of the American Paper and Pulp Association. This contrasts with 67.6% for the same period a year ago and is well above the average of the past five years.

The average to date is the highest reported in some time. Rate for the full year in 1938 totalled 72.3%; 80.6% in 1937; 81.3% in 1936 and 70.5% in 1935.

C.N.R. Income Higher in May

Present Trend Indicates Lower Deficit This Year

From Our Own Correspondent

MONTREAL.—Canadian National Railways reports net revenue in May, as a result of an improvement in gross operating earnings, amounting to $1,473,034, compared with a net operating loss of $478,614 in the same month last year.

In each of the first five months of the current year there has been an increase in the net revenue of the C.N.R. over the corresponding month last year. The increase in May was larger than in any of the previous four months.

Cumulative returns for the first five months show a net revenue deficit of only $493,321 as against $4,909,400 in the first five months of 1938. Increased revenues have been the principal factor in this improvement, but lower expenses have also contributed.

Operating revenues have continued on a better basis in the current month. Gross revenues for the first three weeks of June were more than $1 million higher than in the same weeks last year.

Month of May	1939 $	1938 $
Oper. revenues	16,842,266	13,909,678
Oper. expenses	15,369,232	14,388,292
Net revenue	1,473,034	*478,614
Five Months Ended May 31		
Oper. revenues ...	72,492,009	69,057,315
Oper. expenses	72,985,330	73,966,715
Net revenue deficit	493,321	4,909,400

*Deficit.

Supertest Hopes To Pay Extra

Current Conditions Less Satisfactory Because of Low Prices

In the future any extra dividends will be considered by directors of Supertest Petroleum Co. at the conclusion of the year's operations. J. G. Thompson, president, refers to the omission of the extra paid for the past two years at the time of the latest dividend. He adds that directors hope to be in a position to declare an extra later for the current year's operations.

Prices of gasoline in the company's territory have decreased steadily and just recently a cut of one cent a gallon was made, bringing gasoline prices to levels lower than at any time for many years, says Mr. Thompson.

Feel Price Competition

Conditions in the marketing of petroleum products have not been as favorable as in recent years due chiefly to the competition that has developed from "cut-rate organizations, many of which import what is said to be distress gasoline from the United States and which finds a market in Canada." Mr. Thompson states that in spite of a continuing demand for better grades of gasoline, many car owners are willing to put up with some inconvenience in the operation of their cars through the use of cheap gasoline and oil.

Imports of gasoline into Canada from the United States, he adds, have grown from 19 million gallons in 1936, when the duty was reduced from 2½ cents a gallon to one cent, to 71 million gallons in 1938. This, he maintains, has had an effect on the industry in this country.

Regular semi-annual dividends of 50 cents are paid on Supertest common and ordinary shares and for the past two years two 25-cent extras have been distributed as well to bring annual payments to $1.50 a share. Earnings for 1938 were equivalent to $3.93 a share on the common and ordinary shares.

B. A. Oil Sales Hold Up Well

Crude Production in U. S. Increased By New Areas

British American Oil Co. reports that sales of its products are being well maintained. J. C. Millar, treasurer, draws attention of shareholders to the possibility that anticipated increase in consumption of petroleum products may not materialize this year. He cites as reasons for this fear the reduced tourist business because of competitive attractions in the New York and San Francisco fairs this year.

There is even a possibility, he adds, that 1939 consumption of petroleum products in Canada may not equal that of last year when a new record for gasoline sales was set.

Satisfactory performance of British American's subsidiaries in the United States is reported by Mr. Millar. Daily production of crude oil is ahead of a year ago. This results from bringing into production of additional wells of promising value on leases in areas newly discovered by the company in Texas and California.

These developments have been reported from time to time in The Financial Post but company officials have been cautious in making any statements as to what might be expected from these new wells, pending completion of more exploratory work.

Rogers-Majestic To Adjust Votes

July 14 Meeting to Consider Proposal for Class A Votes

A special meeting of shareholders of Rogers-Majestic Corp. is being held on July 14, same date as the annual meeting, to consider proposals for changing voting provisions of the company's stock. This is in line with forecasts in The Financial Post recently.

In this connection, G. Harrison Smith, chairman, states that "from time to time your directors have been requested to take steps so that the class A shareholders of the company may be afforded some voice in its affairs." Under the present provisions governing voting powers of the company's stocks, entire voting control rests with the 15,000 class B shares, the 200,000 class A shares which are largely held by the public having no vote.

For the past two years, class B shareholders have appointed two directors to represent class A shares. At present Carl Sanders, North Bay, and Loftus A. Allen, Toronto, act in this capacity.

It is now proposed to allow one vote for each class A share and five votes for each class B share. This will give class A shareholders actual voting control as their 200,000 shares will outnumber the 75,000 votes that can be mustered by holders of the 15,000 class B shares.

Montreal Stock Sales Lower for Past Month

From Our Own Correspondent

MONTREAL. — Trading on the Montreal Stock Exchange and Montreal Curb Market during June was at a low ebb, with volume of both industrials and mines the lowest on record since 1935.

Total turnover on the two markets during June reached 1,394,016 shares as compared with 1,582,358 shares in May and 1,875,328 shares in June, 1938.

Transactions in the mining section accounted for 1,018,067 shares and on the industrial market 375,949 shares. Industrial turnover compared with 704,892 shares in June, 1938, while mining trading compared with 1,170,436 shares in June of last year.

Ontario Gas Tax Revenues Up 26.6% for Three Months

Gasoline tax collections by Ontario for April, May and June, the first three months of the current fiscal year, amounted to $6,014,970. This is $1.3 million or 26.6% more than the $4.7 millions collected from this source in the corresponding months of 1938. These figures, obtained from the Treasury Department, are for gasoline tax collections only.

Ontario placed in effect a two-cent a gallon increase in gasoline taxes on April 1 of this year, bringing the rate to eight cents. It is understood that, while the increase shown in the first quarter is good, it is hardly up to expectations. Motorists and other users of gasoline had a 24-hour notice of the increase in tax and it had also been pretty well understood for some time previously that this increase would be made.

Buying Before Deadline

The result was that every motorist filled his gas tank before the deadline and other available storage in possession of consumers was also used. This had an adverse effect on gas sales for the first week or two in April. It is also pointed out that motoring weather conditions were less favorable than usual in the spring months of this year.

It is also true, of course, that part of the April collections represent gasoline sales actually made in March, while June collections will not include all of the June gas sales. This makes difficult any attempt to calculate actual gallonage sales in Ontario for the two periods in question.

Gallons Sold Gain Less

Figures released from Ottawa show that gasoline sales in Ontario for the first three months of 1939 were 61.6 million gallons against 56.4 million gallons for the same quarter of 1938. As a matter of fact, every province, with the exception of Alberta, showed gains in gasoline sales for the first quarter of this year over a year ago. For the whole country D. B. S. figures show total sales of 115.9 million gallons for January, February and March of this year against 119.9 million gallons for the same months a year ago.

It is thought that this rate of increase was not maintained for the latest three months in Ontario and that March figures were inflated by the augmented buying to avoid the higher tax. So far as can be gathered, however, gasoline sales in Ontario for the three months in which the higher tax has been in effect have been maintained at, or slightly above, the figures for the corresponding months of 1938. A better appraisal of the possible effect of the raise in gas tax will be possible in another month or two.

Municipal Finances

Moose Jaw, Sask., expenditure and revenue of the first five months of the current year were both under estimates. Total actual expenditure for the period was $307,243, compared with an estimate of $332,989. Actual revenue totalled $161,822, against estimated revenue of $174,030.

* * *

Guelph, Ont., has taken over control of its transportation system with the payment of $321,750 to the Hydro-Electric Power Commission of Ontario. The amount represents $210,000 in cash and sinking fund bonds involved in the transfer of the road, which has been under Hydro management since 1921. The railway was originally turned over to Hydro as an electric railway line, but reverts to the city as a bus line, buses having replaced street cars two years ago.

* * *

Saint John consumption of electrical energy for May showed an increase over the same month in 1938. The number of meters in use also increased. Revenue advanced from $29,722 in May last year to $31,219 in May, 1939.

* * *

Winnipeg school board is seeking a refund of $48,165 paid to Winnipeg sinking fund trustees this year, as the current levy on debentures issued by the board in 1911, 1912, 1913 and 1914 to the city.

* * *

Regina, Sask., at May 31 owed the banks $100,000 less on current loans than at the same time last year.

* * *

Ottawa showed savings in relief costs during the first five months of the year of $112,092, including both the city and Government share. Total expenditures for the first five months of the year were $601,081, of which the portion chargeable to the city was $219,320, and the amount chargeable to the Government was $381,762. The corresponding figure for the first five months of the previous year was $713,174, of which $260,620 was the city's share and $452,554, the Government share.

* * *

Calgary electric light department had a surplus of $104,436 for the five months period of 1939 compared with a surplus of $23,766 for the corresponding period in 1938. The increase reflects better business conditions and increased consumption brought about by the taking over of the distributing system of the Calgary Water Power Co. on June 1, 1938.

* * *

Victoria taxes collected for the first half of the current year were equal to 42% of current levies. To June 12 collections of current taxes amounted to $653,576, against $603,124 for the corresponding period in 1938. The increase is more noticeable because of the fact that the levy this year was considerably lower than that for 1938. Collections in the same period for delinquent taxes amounted to $84,563, against last year's total for the same period of $91,063.

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Market Opinions

Tendency seems to be for stock market comment to suggest that the present is not the time to make many purchases because of foreign unsettlement.

Journal of Commerce, New York—"On the basis of current and prospective business conditions, the markets could logically be expected to be firm but dull, at least until it becomes clear whether the Roosevelt Administration is ready to modify its attitude toward business or prospects for the 1940 elections are more definitely indicated.

"In otherwise dull and rather featureless markets, therefore, the political situation abroad for the time being is the most telling influence affecting the course of share quotations."

* * *

The Annalist, New York — "We are again in a situation in which the course of prices turns largely upon developments abroad. The immediate outlook in this country seems reasonably favorable and seasonal considerations are on the side of an improvement in stock prices between June and September. But a serious European crisis would have an effect upon both security markets and business sentiment."

* * *

The Magazine of Wall Street, New York—"The foreign news points to another European crisis between now and September. Despite variable domestic factors, we think it prudent to defer new purchases and to lighten commitments in any period of rally."

* * *

Barron's, New York (The Dow Theorist)—"Clearly defined indications of a secondary decline were given last week when the Dow-Jones averages broke through the minor lows of 134.41 for the industrials, made on June 15, and 26.98 made by the rails on the following day.

"Both the primary and secondary trends are now down, according to the Dow Theory."

* * *

The Financial World, New York—"Despite the possibility that the stock market may be called upon for a time to stand new shocks from abroad, from a longer term viewpoint the investor is fully warranted in retention of his good-grade income producing common and preferred stocks—not alone for their return, but also because this type of issue has been giving a better account of itself than the average run of the market."

* * *

Barron's, New York (The Trader)—"Adding up all the factors, the favorable appear to outweigh the unfavorable. On the financial side, the credit influence is powerfully arrayed against liquidation. On the business side, consumer goods indices are running strong—and the heavy goods industries, though far below normal, have gained ground in the past month. Forward orders or backlogs are rising. In many instances earning power of the first half year, even allowing for a second-half subsidence, justifies current quotations. The stock market is not always a dynamic affair, as 1934 under the New Deal shows, so that the fundamental question still is whether, broadly speaking, liquidity is preferable to a patient retention of promising equities."

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Bond Markets

Bond Markets Slack Off As Holidays Commence

High-grade Prices Dip But Recover Readily—Corporation Issues Follow Extremely Dull Performance of Stock Exchanges

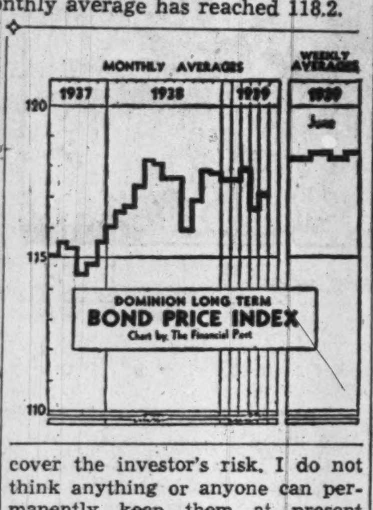
Bond markets entered the holiday season in traditional form, with small volume and little interest in trading.

After dropping slightly, the prices of high-grade bonds recovered and pushed to peak levels.

Corporation issues, taking a cue from extremely inactive stock exchanges, were dull with a small turnover.

In the week ended June 29, the D. B. S. index of long-term Dominion of Canada bonds was 118.1, which was higher than the previous week by 0.1, but 0.1 lower than the corresponding week in 1938. High point in this average was 119.1 reached in August and September of 1936. In two months since the monthly average has reached 118.2.

* * *



Low Interest Dangers

There are many dangers inherent in low money rates, James Truslow Adams writes in Barron's. The greatest is the fact that thrift, from which capital comes, is discouraged by excessively low rates. It also affects national character.

Recommending that the U. S. Government discontinue its present policy of artificially maintained interest rates, Mr. Adams predicts that eventually rates will go up.

"Rates are bound to go up in time and prices of present low securities fall," Mr. Adams states. "We cannot predict the precise moment nor the cause. It might be from the abnormal activity and borrowing of war, with lowering of credit ratings for governments and all other securities; or the return of confidence and business activity. If rates do not go up from these causes, it will be because of continued stagnation and stalemate, and in that case investment values will shrink, and the borrower will have to pay more to cover the investor's risk. I do not think anything or anyone can permanently keep them at present levels."

* * *

Financing Higher

Total government and municipal bond financing in the first half of the current year totalled $317.8 millions, as compared with $284.8 millions in 1938, and $343.5 millions in 1937, according to Wood, Gundy & Co.

Dominion direct and guaranteed issues in the first six months of the current year were approximately $34 millions less than in the same period last year. Provincial direct and guaranteed issues increased nearly $60 millions.

Corporation financing in the first half of the year was up substantially from the previous two years, amounting to $174.5 millions, as compared with $31.7 millions in 1938 and $88.4 millions in 1937.

Following is a comparative tabulation of financing for the first six months in 1939 and 1938, prepared by Wood, Gundy & Co.:

Govt. & Munic. to June 30	1939	1938
Dom. Dir. & Gtd.	$204,500,000	$238,491,666
Prov. Dir. & Gtd.	94,187,500	34,590,000
Ont. Municipal	3,706,927	3,703,351
Que. & Mari. Mun.	15,233,300	7,086,550
Western Muni.	142,000	925,991
	$317,769,727	$284,797,558
Corporation to June 30		
Public Utility	$156,766,000	$14,800,000
Railway	......	11,880,000
Indust. & Misc.	17,753,500	5,049,500
	$174,519,500	$31,729,500

* * *

H. B. Financing

Excellent reception is reported for the public offering in United States of $9¼ millions of Province of New Brunswick bonds. Shortly after the syndicate books opened the issue was oversubscribed.

As noted previously in this column, this is the first public offering in U. S. of Canadian provincial bonds in a number of years. It is expected, however, that the Province of Quebec will make a public offering of bonds in that market in the near future.

While the reception given the New Brunswick issue is encouraging, wisdom of a provincial financing in the U. S. market is regarded in most informed quarters as questionable. The bonds are payable at the option of the holder in U. S. or Canadian funds. Almost every senior governmental body in Canada and many large Canadian corporations know that the two-pay bond can be costly. Refunding operations in recent years have resulted in the elimination of many two-pay and three-pay bond issues.

* * *

In Explanation

The New Brunswick Government spent $7.5 millions on hard surfacing of highways in 1938, and for the current year estimates expenditures for this purpose at $5 millions. This is considerably larger than an estimate made in 1937. In this connection the prospectus of the recent issue sold in U. S. has the following to say:

> "Late in 1937 the Government had expected that an additional expenditure of $4.6 millions in 1938 would complete the hard-surfacing programme, and indicated in a letter dated Sept. 3, 1937, and again in a letter dated Nov. 10, 1937 (both of which were written for use in connection with a prospectus for the sale of debentures), that no further programme involving substantial capital expenditures was under contemplation or in anticipation. The above figures show that since that time sizeable additional expenditures have been incurred or are contemplated for hard surfacing.
>
> "The additional expenditure in 1938 and 1939 was to a large extent necessitated by amplification of the original programme. The Government has indicated that the present programme of hard surfacing should be completed during 1941, and that the additional expenditure to be incurred in 1940 and 1941 for such purpose may be estimated at $3.3 millions. The Government expects that, upon completion of the programme, the major highways passing through the more densely inhabited sections will have been paved."

* * *

Bond Index

DOMINION OF CANADA
Long-term Index

	Weekly average June 23-29	Preceding week June 16-22	Weekly average year ago
Price	118.1	118.0	118.2
Yield	59.9	60.2	61.6

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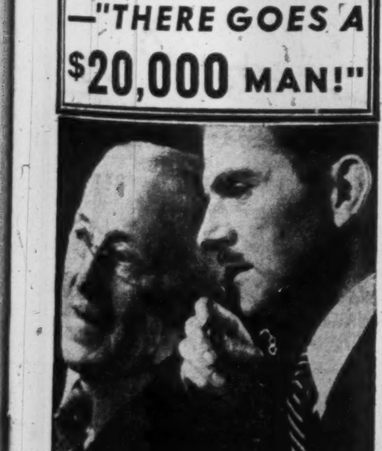

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Action Against Paper Board Group Refused

Ontario Declines to Move on McGregor Combine Report

DOMINION CAN ACT

There will be no prosecution by Ontario against the alleged combine in the manufacture and sale of paperboard shipping containers and related products, according to Attorney-General Conant, who has written to F. A. McGregor, Combines Investigation Act Commissioner at Ottawa, to this effect.

In his letter, Ontario's Attorney-General gives following reasons for not taking any action:

(1) The alleged combine does not involve Ontario alone but other provinces as well.

(2) Ontario would incur substantial expense in prosecuting the 20 or so firms against which proceedings might be instituted.

(3) Proceedings thus far have been instituted by the Federal authorities.

(4) The Act makes ample provision for prosecution by the Dominion.

Not Ontario's Job

Mr. Conant states that "I am of the opinion that this is not a case where the province of Ontario is called upon to intervene by instituting and conducting the prosecutions that your report indicates."

The act in question provides for investigation by a Dominion officer, in this case Mr. McGregor, and prescribes penalties with respect to any combines found to be in existence and deemed an offense under the act. If the attorney-general of a province decides not to undertake prosecution, then the Attorney-General of Canada may proceed, says Mr. Conant.

The report of the commissioner was made public at the end of March and transmitted to the provinces involved. Authorities in the provinces then had 90 days to study the evidence and decide whether or not to act on their own account. It is not known yet whether or not any action will be taken by the Dominion authorities.

Many Companies Listed

Mr. McGregor's report referred to two associations, Container Materials Ltd. in the case of the paper box manufacturers, and Shipping Case Material Manufacturers Association for manufacturers of paperboard.

Named in the report as members of Container Materials Ltd. were:

Shipping Containers, Ltd., Montreal.
Standard Paper Box, Ltd., Montreal.
Martin-Hewitt Containers, Ltd., Peterborough.
Canadian Wirebound Boxes Ltd., Toronto.
The Corrugated Paper Box Co., Ltd., Toronto.
Gair Co., Canada, Ltd., Toronto.
Hinde & Dauch Paper Co. of Canada, Ltd., Toronto.
Hygrade Corrugated Products, Ltd., London, Ont.
Hilton Brothers, Ltd., Winnipeg.
Martin Paper Products, Ltd., Winnipeg.
Canadian Boxes, Ltd., Vancouver.
Maritime Paper Products, Ltd., Halifax.
Wilson Boxes, Ltd., Fairville, N.B.
Dominion Corrugated Paper Co. Ltd., Toronto.
O. & S. Corrugated Products Co., Toronto.
G. W. Hendershot Corrugated Paper Co. Ltd., Hamilton.
Kraft Containers, Ltd., Hamilton.
Superior Box Co. Ltd., Kitchener.
Container Materials, Ltd., Toronto.
H. J. Baden, president and secretary-treasurer, Container Materials, Ltd., Toronto.

Reported as parties to the alleged combines of paperboard makers were:

Bathurst Power and Paper Co., Ltd., Montreal.
Brompton Pulp and Paper Co., Ltd., Montreal.
Gair Co., Canada, Ltd., Toronto.
Hinde and Dauch Paper Co. of Canada, Ltd., Toronto.
Messrs. Hardy and Badden, secretary-treasurer, Shipping Case Material Manufacturers' Association, Toronto.

Dominion Securities Corp. Reduces Capitalization

The Dominion Securities Corp. is reducing its paid-up capital from $3.2 millions to $1 million, according to notice published in The Canada Gazette.

This reduction is being affected by cancellation of the 11,750 issued 7% preferred shares, to offset capital lost or unrepresented by available assets, to the amount of $1.2 million, and by cancelling the unissued 10,700 shares of the same stock. The company's authorized capital will now be $1 million, consisting of 10,000 common shares of which 5,700 shares have been issued and are outstanding.

Bond Sales

Dominion Treasury Bills

Yield on Dominion treasury bills again dropped with the sale of a $25 million issue dated June 30, and maturing Sept. 29. Average discount prices of the accepted bids were $99.84962 and the average yield was 0.604%. This compares with an average price of $99.84553 and a yield of 0.614% on the previous issue. Yields on the bills have been declining steadily since the sale of Feb. 1 in the current year, when it was 0.691%.

* * *

Antigonish, N.S.

R. A. Daly & Co. has purchased $64,500 of 4% 30-year serial debentures of Antigonish, N.S., at $103.55, representing a cost basis to the town of 3.72%. Proceeds will be used for highway purposes.

Following is the list of bids submitted:

R. A. Daly & Co.	103.55
Dominion Securities Corp.	103.40
T. M. Bell & Co.	102.76
Wood, Gundy & Co.; Eastern Securities Corp. (30-day option)	102.67
Royal Securities Corp.	102.32
F. J. Brennan & Co.; Fairclough & Co.	102.32
Johnston & Ward	101.94
Bell, Gouinlock & Co.	101.15
W. C. Pitfield & Co.; J. C. MacKintosh & Co. (30-day option)	101

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson	*5%	1952	Jan. 1 '40	105
Shawinigan W.	4½%	1968	July 7	102½

For sinking fund purposes:
*All outstanding balance.

Bond Tenders

7 p.m., July 7, Stratford—$100,000, 3% 20-year serial debentures, for purpose of reducing bank loans.

July Dividends Are Down $4.3 Millions This Year

Dividends scheduled for payment by Canadian companies in July this year will be down $4.3 millions from the same month last year, according to an estimate by The Financial Post. For the first seven months of this year, cumulative total of dividend payments is $169.7 millions as compared with $176.7 millions for the corresponding months of last year, a reduction of $6.9 millions.

The July reduction is directly due to two major omissions. A year ago Brazilian Traction paid 50 cents a share which required $3.5 millions but is making no payment this year. Also, Consolidated Mining & Smelting paid an extra of 50 cents a share which required $1.6 millions but is not making this payment in 1939.

Among important changes this month are extras being paid by the following 10 companies: Bralorne Mines, 10 cents; Canada Packers, $1; Cariboo Gold, 1 cent; Fernie Brewing, 15 cents; Guarantee Co. of North America, $2.50; Hollinger, 5 cents; Lamaque Gold, 10 cents; Montreal City & District, $1; Sheep Creek Gold, 1 cent; Wright-Hargreaves, 5 cents.

Initial Payments Scheduled

Gatineau Power is making an initial payment on its 5½% preferred. Commonwealth Petroleum is paying an initial of 2 cents a share in stock of Command Oil at the rate of one share of Command for each 10 shares of Commonwealth.

Arrears are being reduced by Canada Bread by payment of 37½ cents on its B preferred; Highland Dairy with $1.50 a share on its preferred; and Investment Foundation by 25 cents on preferred stock. Standard Chemical has resumed payments by declaration of 50 cents a share, first payment since a similar amount was paid July, 1932.

Canadian Wallpaper is only paying 50 cents a share on its stocks as compared with $1 last July while Intercolonial Coal is paying $2 a share instead of $3. Montreal Tramways has also reduced payments to $1.50 a share from $2.25. Canadian Car & Foundry has passed the payment ordinarily scheduled for its preferred stock.

Summary of July Payments

	1939 $	1938 $
Dividends	23,109,092	27,403,971
Bond interest	31,837,000	32,627,000
Total	54,946,092	60,030,971

Dividend Payments

Company	Rate $	Date	Amount $
Acadia Sugar, pf.	.07½q	1	22,500
Agnew Surpass, pf.	1.75q	3	15,333
Alta. Wood Pres., p.	1.75q	1	3,895
Amer. Cyanamid, A, B	.15q	1	401,706
Do., pref.	.12½q	1	25,851
Assoc. Brew., pfd.	1.75q	1	14,242
Bk. of N. Scotia	3q	3	360,000
Beatty Bros., 2nd pf.	3.50s	3	23,786
Belding Cort.	1q	3	7,495
Do., pref.	1.75q	3	15,142
Bell Telephone	2q	15	1,608,212
Biltmore Hats	.25s	15	20,000
Bralorne Mines	.20q	15	249,400
Do., extra	.10	15	124,700
Brazilian Tr., pf.	1.50q	3	5,901
Brant. Cordage, pf.	.32½q	15	12,499
Brit. Amer. Oil	.25q	3	693,160
B. C. Elec. Pr., pf.	1.50q	3	75,000
B. C. Power, A	.50q	15	500,000
B. C. Elec. Rly., pf.	2½%	15	174,600
B. C. Tele., 1st pfd.	1.50q	1	15,000
Brit. Mtge & Tr.	4s	3	40,000
Brockville Trust	.62½q	3	6,250
Building Prod.	.17½q	3	84,592
Burlington Steel	.15q	3	21,000
Burry Biscuit, pf.	.75q	1	7,402
Canada Bud	.20s	15	30,000
Canada Bread, pfd.	1.25q	3	15,625
Do., (B) pref.	.62½q	3	15,625
Do., arrears	.37½	3	9,375
Canada Life	5q	3	50,000
Can. North. Pwr.	.30q	25	120,000
Do., pref.	1.75q	15	96,250
Can. Perm. Mtge.	2q	3	140,000
Canada Packers	.75q	3	150,000
Do., extra	1	3	200,000
Canada Trust	5s	3	50,000
Can. Breweries, pfd.	.50q	15	81,714
Can. Canners, 1st pf.	.25q	3	47,719
Do., 2nd pref.	.15q	3	54,556
Can. Cottons	1q	3	27,155
Do., pref.	1.50q	3	54,922
Can. Fairbanks, pfd.	1.50q	15	17,517
Can. For. Inv., pfd.	2q	1	19,618
Can. Gen. Elec.	1.50q	1	283,267
Can. Gen. Invest.	.12½q	15	75,073
Can. Lt. & Power	.50s	15	16,624
Can. Industries, A, B	1.50q	31	1,035,178
Do., pref.	1.75q	15	81,375
Canadian Oil, pfd.	2q	3	40,000
Can. Wallpaper, A, B	.50a	11	64,623
Can. Westinghouse	.50q	1	273,000
Can. Wire. Box, A	.37½q	2	19,456
Cariboo Gold	.04q	3	53,332
Do., extra	.01	3	13,333
Carnation Co.	.50s	1	304,794
Do., pref.	1.25q	1	46,865
Celanese of Am., pr. p.	1.75q	1	288,431
Cent. Can. Loan	2q	3	50,000
Chartered Trust	1q	1	10,000
Comm. Alcohols, pfd.	.10q	15	5,000
Cons. Bakeries, ord.	.25q	3	79,610
Cons. Smelters	.50s	20	1,634,292
Consumers' Gas	2.50q	3	363,880
Coronation Rylts.	.02½	3	20,000
Cosmos Imp. M., pf.	1.25q	15	5,875
Crown Life Ins.	3%q	3	8,352
Dome Mines	.50q	20	973,334
Dominion Coal, pf.	.38q	3	87,219
Dom. Fire Ins.	3s	3	9,000
Dom. Foundries, c.	.25	3	77,684
Dom. Glass	1.25q	3	53,125
Do., pref.	1.75q	3	45,500
Dom. Textile	1.25q	3	337,500
Do., pref.	1.75q	15	33,960
Eastern Steel, pfd.	1.75q	1	5,842
East. Theatres, pfd.	3.50s	31	17,500
Eastern Trust	2q	3	20,000
Edm. C. Dairy, pf.	1.25q	1	9,666
European Elec., A, B	.30	3	544,296
Excelsior Life	1.20s	3	6,000
Fanny Farmer	.37½q	1	146,424
Fernie Brew.	.60a	3	19,651
Do., extra	.15	3	4,912
Frontier Rylts.	.02	3	30,000
Gatineau Pwr., pfd.	†1.38	1	48,300
Do., pref.	1.25q	1	152,450
General Trust, pfd.	1.50q	3	16,500
Goderich Elevator	.25s	3	21,001
Goodyear Tire	.63q	3	162,073
Do., pref.	.62½q	3	75,000
Gt. Lakes Pwr., pf.	1.75q	15	13,125
Gordon & Belyea, pf.	1.50q	3	2,029
Do., 2nd pref.	1.50q	3	192
Grey & Bruce Tr.	2½s	3	10,894
Gt. West Life	3.75q	3	37,500
Greening Wire	.15q	3	28,500
Guaranty Tr.	2.50s	15	6,250
Guelph & Ont. Inv.	1.50s	3	28,952
Guelph Trust	1.25s	3	7,525
Guar. of N. Amer.	1.50q	15	9,138
Do., extra	2.50	15	15,230
Halifax Fire	.50s	3	100,000
Ham. Cotton, pfd.	.50q	2	9,242
Harding Carpets	.10s	3	17,251
Hedley Mascot	.03q	3	67,923
Hinde & Dauch	.12½q	3	37,491
Highland Dairy, pf.	2.50s	3	3,850
Do., arrears	1.50	3	2,310
Hudson's Bay, pfd.	2½%s	1	170,500
Huron & E. Mtge.	1q	3	50,000
Hollinger Cons.	.05	15	246,000
Do., extra	.05	15	246,000
Indust. Mortgage	1s	3	12,700
Inter. Bronze	.37½q	15	37,500
Do., pref.	.37½q	15	37,500
Inter. Coal & Coke	‡.01½	1	45,000
Intercol. Coal	2s	3	20,000
Do., pref.	4s	3	8,060
Inter. Milling, pfd.	1.25q	15	72,700
Inter. Power, pref.	1.50q	15	120,000
Invest. Found., pfd.	.75q	15	22,177
Do., arrears	.25	15	7,392
Int. State Rylty, A	.28q	1	28,000
Jam. Pub. Ser.	.50q	3	22,500
Do., pref.	1.75q	3	13,125
Do., (B) pref.	1¾q	3	5,652
Lamaque Gold	.10	1	300,000
Do., extra	.10	1	300,000
Lambton Loan	1.50q	3	15,795
Landed Banking	1q	3	20,000
Lang, J. A.	.17½q	2	17,500
Manufacturers Life	6s	3	90,000
Maritime Tele.	.17½q	15	65,671
Do., pref.	.17½q	15	26,250
Midland Loan	.40s	3	14,400
Mitchell, J. S., pfd.	1.75q	3	4,823
Model Oils	.04	15	39,820
Moneta Porcupine	.03	15	76,315
Mtl. C. & D. Sav.	3q	3	60,000
Do., bonus	1	3	20,000
Mtl. L. H. & Pwr.	.38q	31	1,705,821
Montreal Telegraph	.80q	15	40,000
Montreal Trams.	1.50q	15	105,000
Moore Corp.	.40q	3	156,160
Do., pref., A, B	1.75q	3	63,444
McColl-Front., pf.	1.50q	15	117,741
McGillivray Creek	‡.01½	1	40,244
National Brew.	.50q	3	360,686
Do., pref.	.44q	3	48,840
Nat. Grocers, pfd.	.37½q	1	56,250
Nat. Steel Car	.50q	15	87,689
National Trust	2q	3	60,000
N. B. Telephone	.12½q	15	72,310
Niag. Wire W.	.25q	3	28,750
North. Ont. Pwr.	.60q	25	144,020
Do., pref.	1.50q	25	37,474
North Star Oil, pf.	.08¾q	3	17,500
N. S. L. & Pwr., ord.	1.50q	3	51,784
Ogilvie Flour, c.	.25q	3	150,000
Ont. Loan & Deb.	1.25q	3	50,000
Ont. Tobacco, pfd.	3	3	8,001
Ottawa L. H. Pr.	.25q	1	35,000
Do., pref.	1.25q	1	21,250
Page Hersey	1q	1	174,276
Pioneer Gold	.10q	3	175,175
Porto Rico Pr., pf.	1.75q	3	17,500
Power Corp.	‡.30	25	133,901
Do., pfd.	1.50q	15	75,000
Do., 2nd pfd.	.75q	15	75,000
Premier Gold	.03q	15	150,000
Prov. Paper, pref.	1.75q	3	61,250
Real Estate Loan	1s	3	5,000
Remington Rand, c.	.20	1	316,978
Riverside Silk	.50q	3	15,000
Rob. Cons. Cone	.25q	3	13,746
Securities Hold., pf.	.65	3	11,964
Sheep Creek Gold	.03q	15	56,250
Do., extra	.01	15	18,750
Sher.-Williams, pf.	1.75q	3	60,550
Silbak-Premier	.04q	25	100,000
Smith, H., Paper, pf.	1.50q	15	93,774
South. Can. Pr., pf.	1.50q	15	108,333
Stand. Fuel, pfd.	1.62½q	1	19,272
Stand. Chemical	.50	12	18,638
Standard Steel, pf.	.75q	1	7,342
Stedman Bros.	.15q	3	13,500
Do., pref.	.75q	3	4,500
Sterling Trusts	1.50s	3	11,853
Sun Life	3.75q	1	75,000
Supersilk Hosiery, p.	2.50s	3	12,562
Supertest Pete., ord. c.	.50s	3	55,000
Do., (B) pref.	.75s	3	6,000
Tamblyn	.20q	3	22,400
Do., pref.	.62½q	3	3,750
Teck Hughes	.10q	1	480,714
Tip Top Tailors	.15q	3	18,000
Do., pref.	1.75q	3	18,288
Tor. Gen. Trusts	1q	3	30,000
Toronto Mortgage	1.50q	1	29,595
Trusts & Guarantee	1s	3	25,482
Tuckett Tobacco, pf.	1.75q	15	35,000
Un. Fuel Inv., A, pf.	.75q	1	67,500
Viau, pref.	1.25q	3	11,825
Wabasso Cotton	.25q	3	17,475
Waterloo Trust	2.50s	3	25,000
West. Koot. Pr., pf.	1.75q	3	8,750
Western Assur., pfd.	1.20s	3	18,000
West. Grocers	.75q	15	12,706
Do., pref.	1.75q	15	20,899
Weston, Geo., c.	.20q	1	80,884
Wilsil, com.	.25q	1	33,925
Wr. Hargreaves	.10q	3	550,000
Do., extra	.05	3	275,000
Total			23,109,092

q—Quarterly. s—Semi-annually. a—Annually. †Initial. ‡Interim.

Bond Interest Due in July

	$
Municipal	10,911,000
Provincial	7,200,000
Dominion	13,726,000
Total	31,837,000

Quebec Plans N.Y. Offering

Issue to be Registered With S. E. C. in Near Future

From Our Own Correspondent

MONTREAL.—Province of Quebec is expected to make a public offering of $30 millions of bonds in the United States in the near future.

Details of the offering are not available as a registration statement has yet to be filed with the Securities and Exchange Commission at Washington. Representatives of the underwriters are understood to be putting the finishing touches to the registration statement.

First In Years

This is the first financing undertaken by Quebec in the United States in a number of years. The registration statement will be the first filed by Quebec with the Securities and Exchange Commission.

Sale of an issue in United States has been under consideration by Quebec for several months. It is probable, however, that the success of the recent New Brunswick issue has influenced the Government in its decision to go ahead at this time.

Canadian Market Clogged

The main reason for Quebec's decision to enter the U. S. market with an issue is the inability of the Canadian market to continue to absorb large issues of Quebec bonds. In order to finance relief, colonization and roads, the Quebec Government has had to undertake a large volume of financing.

Sale of this issue is not likely to complete the financing of the province for the current year. Details of the floating debt of the province are not available, but it is estimated a large part of the proceeds will be used to pay off treasury bills held by the banks. The province has a $10 millions maturity on Sept. 1. In addition, it will require a substantial amount of funds to finance the highway construction programme now under way.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Great Lakes Power

I would appreciate your opinion on the general mortgage bonds of Great Lakes Power for investment.

Great Lakes Power Co. supplies hydro electric power to a number of large industrial users, to Sault Ste. Marie, Ont., and 14 neighboring communities. Through its wholly-owned subsidiary, the company operates the street railway system in Sault Ste. Marie and ferry system on the St. Mary River.

Over a period of years, the company has shown a growth in earnings and assets. During 1938 sales of electrical energy to industrial and mining customers decreased approximately $128,000, of which the paper industry accounted for nearly $75,000 of the drop. Sales of energy to Sault Ste. Marie and neighboring communities, however, were approximately $14,000 higher. A total of 213.5 million kw.h. of electricity was sold in 1938, against 259.7 million kw.h. in the preceding year.

The new $2 millions of 5% general mortgage sinking fund bonds, of which you are enquiring were offered in June to the public to replace a similar amount of general mortgage bonds held by Middle West Utilities Co. of Canada. The latter company controls Great Lakes Power.

Interest requirements on the 5% general mortgage bonds have been comfortably covered in the past few years. Based on actual interest requirements for the year, bond interest would have been earned 3.46 times in 1938 and 4.57 times in 1937.

Prospects for improvement in operating revenue depend on the settlement of unfavorable economic conditions which prevailed in both Canada and the United States during the past year. This affected the company principally in income received from the manufacturing and mining industries, the president stated in the annual report for 1938.

Burlington Steel

I would appreciate your opinion of Burlington Steel Corp. common shares for a long pull.

Burlington Steel Corp. is dependent on the construction industry for a major portion of its business. The company's chief product is reinforcing steel supplied to the construction industry. It also produces bars and shapes for general manufacturing including steel fence posts, grinding balls for the mining industry and many other shapes for the agricultural and special industries.

For the first five months of the current year business has been down about 10% from a year ago. Much of the decline this year has been due to lessened output of the farm implement industry which takes about 15% of the company's output. With prospects for a good crop in Canada prevailing it is possible that this section of the business will improve before the close of the year. As regards the construction industry, encouragement is felt upon the substantial rise in contracts let in May which brought the total for this year to date about 40% above 1938. Officials of the company are hopeful for benefit from the 10% income tax concession given to the construction industry by the Dominion Government.

Burlington Steel shares are not actively traded although listed on the Toronto Stock Exchange. Current dividend is 60 cents a share annually which was covered by a small margin last year. Financial position appears quite adequate for any demands which seem likely. Dependent as the company is on the steel and construction industries for its business, it is likely to show rather wide fluctuations in earnings from year to year.

Dominion Gas

Could you furnish me with an analysis of Dominion Gas and Electric Co.?

Public interest in Dominion Gas and Electric Co. lies in the 6½% collateral trust bonds, which are secured by shares of its subsidiary companies. The company is a holding company, controlling a number of subsidiaries, including three public utility companies operating in Alberta and Saskatchewan. It is, in turn, controlled by International Utilities Corp., which owns all the preferred and practically all the common stock.

The company is naturally dependent upon economic conditions in these two prairie provinces. Earnings have shown progressive improvement since 1932, interrupted only by a recession in the year ended Dec. 31, 1938. Net profit in that year amounted to $372,745, as compared with $411,363 in the previous year. Fixed charges were earned 2.34 times after depreciation in 1938 as against 2.54 times in 1937. This is after the deduction of prior charges of subsidiaries.

The company experienced a reduction in gas output in 1938, attributable chiefly to the relatively mild weather that prevailed in the winter of 1938. Electrical output increased, representing a further expansion of business activity of the company's subsidiary.

The company's subsidiaries are well established in their respective fields and prior to the dip in income from the subsidiary companies in the past year, had been showing good progress.

Resumption of the upward trend of earnings of the subsidiaries is dependent upon economic conditions in the territories served. At the present time this area is expecting that the better outlook for grain crops will make itself felt in improved business.

Canadian Vickers

Will you please give me the present market value on Canadian Vickers bonds and also any information you may have as to the form the reorganization will take?

Trading in Canadian Vickers bonds has been very inactive of late. At the present time there are a few bonds offered at around 65 to 66 with no firm bid.

While it is anticipated that Canadian Vickers will have to undergo a reorganization, still no definite plan has been put forward. It is our understanding that the matter is being considered by the management and that before long a plan will be worked out for presentation to the bondholders. Meanwhile there is no indication as to just how the reorganization will shape up.

B. C. Pulp

Will you please let me know what B. C. Pulp & Paper bonds are selling for and your opinion of them?

At present B. C. Pulp first mortgage bonds are 40 bid and the general mortgage bonds 39 bid. From the market you will gather that the bonds are considered speculative. While the company has shown a little more activity of late, as indicated by the plans for reopening of the second mill, still the earning power to date is inadequate to meet bond interest charges regularly. Given a good market for sulphite pulp, the company could cover its interest charges by a comfortable margin. However, the sulphite markets have been rather badly hit in the last couple of years, notably in the Orient and on the Pacific coast. It is not only difficult to say when these markets will be recovered, but as to when the price of sulphite pulp will strengthen. It does not look as if there will be any material change this year, and consequently the bonds appear to be a long hold.

Security Portfolios

I would appreciate it if you would advise me what you would consider satisfactory securities in which to invest $10,000. I would like to consider security first and secondly the highest income possible.

It is contrary to The Financial Post policy to select securities for subscribers. If you would submit the names of the bonds or stocks which you are thinking of purchasing, we will be glad to analyze them for you.

Inasmuch as security is your prime consideration, only the highest type stocks and bonds should be considered. The securities should have a record of satisfactory earnings and payments. They should be readily marketable. Stocks should be those of an essential industry and leader in the field. Bonds should be those of a sound governmental body or a leading industrial or utility corporation.

It is, of course, difficult to reconcile soundness of principal with a satisfactory yield, in these days of low interest rates. It is believed by many financial observers that high-grade bonds are near their peak and a protracted downward trend of prices and an upward trend in yield may be expected. On this premise, institutional buyers are generally restricting investments in high-grade bonds to those of shorter term maturities. We would suggest that if you decide to purchase government obligations, you follow this same policy. In any drop in interest rates bonds of short maturity would prove the least vulnerable, while long-term obligations would suffer most in price.

There are a number of sound common stocks which might answer your requirements. We would suggest that you follow financial reviews and subscribers' enquiries published in The Financial Post to determine the most desirable securities for your purpose.

Canadian Vickers After $270,000

Friendly Lawsuit Taken to Collect on Stock Allotted

From Our Own Correspondent

MONTREAL.—Canadian Vickers Ltd. has undertaken a friendly lawsuit to collect $270,000 due under an agreement from subscribers to capital stock allotted.

For some years past the company has been carrying among its current assets an item of $270,000 representing the amount owing on capital stock and as yet uncollected. This arose from an agreement among the directors who agreed to personally guarantee the company's bank loans of 1930. The secretary of the company at the time insisted upon issue of stock units which consisted of 3,000 shares each of common and preferred stock at a price of $90 a unit. As the company did not require the funds and the bank loans were repaid the following year, the subscribers did not take up the stock, according to J. McL. Stephen, vice-president of the company.

Question of Interest

At the annual meeting of the shareholders, President J. E. Labelle was questioned regarding the collection of the amount owing. Mr. Labelle told the meeting that a friendly suit had been instituted for collection of this amount, together with interest at 6%. The only point involved is as to whether interest is due on this amount. He said he expected the greater part of the principal amount would be collected.

Mr. Stephen pointed out to the meeting that a similar accommodation guarantee had been given by the directors in the case of the Montreal Dry Docks, a wholly owned subsidiary. When the bank loans were repaid, the notes of the directors which constituted the guarantee were torn up.

Shareholders were told by the president that business of the marine department of Canadian Vickers in the current fiscal year is better by more than 100% than during the same period of last year.

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TORONTO, JULY 8, 1939

The Financial Post Editorial Platform for Canada

The duty of political leaders is to lead; to give direction to public opinion; to act with courage in matters of public policy; to combat inertia in the conduct of the nation's business.

The Financial Post stands for LEADERSHIP of this kind in Canada.

Such leadership is essential to preserve our free and democratic institutions. It is urgently needed, now, in Canada, in order to:

1. *Eliminate waste in public business.*
2. *Put idle resources of manpower and materials to work.*
3. *Maintain financial integrity in meeting public and private obligations.*
4. *Promote a spirit of national unity in place of conflicting sectional loyalties.*
5. *More efficiently organize Canada's trade.*

The Drought is Over

ONCE more merchants in Saskatchewan are filling their shelves with goods. This summer they are selling more groceries, more repairs for cars and farm machinery, more hardware and overalls. In the fall they expect to turn over a lot of semi-luxury and capital goods like radios, automobiles, new tractors, houses and furniture. The long tragic years of drought are over and, so far as production is concerned, the West is back to normal.

A few years ago pessimists croaked that the soil of the southern and central prairies was worn out, that the days of even normal wheat crops were over. This summer these same prairies are a solid mass of heavy green. They promise a bumper yield of well over 400 million bushels.

It was the lack of wheat rather than the low price which prolonged the great depression in the three prairie provinces. If a farmer has no crop at all, then the price of what he might have had is of only academic interest.

This year there should be no lack of volume for the country at large and a reasonable return has been guaranteed to the grower. Along with the latter, the railways, elevators, storekeepers and the loan companies stand to benefit directly, and through them all Canadian business.

Solving the Munitions Riddle

PRIME MINISTER KING assured a deputation of Canadian manufacturers last week that the Government would assist in every way the obtaining of information on British armament and munitions requirements and orders from the British Government.

The statement made good newspaper headlines. Whether or not it means very much remains to be seen.

For nearly a year now, efforts have been under way by Canadian manufacturers to bring a deputation of British munitions experts here and pave the way for co-operative orders between the two governments. So far, nothing has been accomplished.

Yet W. D. Black, retiring president of the Canadian Manufacturers' Association, put the matter correctly in his presidential speech recently when he said:

> "It is evident that Canada's appropriation of approximately $60 millions spread over all the services cannot be spent at all effectively in Canada if orders are not supplemented from the United Kingdom."

To date, nothing the C.M.A. has been able to do has succeeded in breaking the deadlock which apparently exists and which has so far prevented the working out of co-operative plans between British and Canadian governments. Unless Mr. King's promise means more than the representations made so far by the Government there is little prospect that much headway will be made.

Supplemental orders from the U.K. to enable Canadian manufacturers to work cooperatively on Canadian and British business are essential if economic production of armament and munition business is to be achieved in this country. Canadian manufacturers are prepared (as they told Mr. King) to send a small advance guard of technical experts to England. They would like this to be merely a prelude to a serious study by British experts of the Canadian field.

There is important precedent for a British delegation visiting Canada. This happened in 1915 and led the way to subsequent employment of 250,000 Canadians and the expenditure of over a billion dollars in Canada for war supplies. Again in 1938 the arrival of a British air mission paved the way to aircraft orders now being received.

If Mr. King means what he says, there is little doubt that important progress could be made in a co-operative effort between the two countries. No time should be lost in eliminating red tape, incompetence or other factors which have prevented any progress being made heretofore.

Construction Opportunities

IT IS generally recognized by now that such heavy industries as construction were especially hard hit by depression. Less widely realized is the limited headway they have made toward normal levels of activity. Depending on what year or period of years is taken to compute normal average, volume of Canadian building in the last few years cannot be said to be more than 50 or 60% of what it normally should be.

In public pronouncements last week, the Canadian Construction Association and the Bank of Nova Scotia both stressed necessity of stimulus to heavy industry if Canadian economy as a whole is to show satisfactory advance. Said the bank:

> "A broad improvement in construction and associated heavy industries would do more to reduce unemployment and thus to promote the national welfare than a corresponding improvement in any other branch of Canadian industry."

As was pointed out repeatedly by the National Employment Commission, the Review notes that an exceptionally large proportion of unemployment is contributed by the construction field. The analysis spotlights the fact that not until construction and certain of the heavy industries showed some measure of recovery in 1937 did relief totals break through to lower levels.

Most serious aspect emphasized by the Bank's Review is that because of small prospect of many of the long unemployed of returning to work in the heavy industry field. "the depression has left this country, like others, with a persisting problem of unemployment."

In a serious effort to arouse lagging interest in construction, the Canadian Construction Association has launched a campaign urging Canadians to take advantage of present favorable conditions for building, and make the most of government measures to encourage construction. As a starter, it has sent a circular letter to 7,600 Canadian industrialists, urging them to reap the benefit of the Government's new income tax credits on outlay for plant extensions and improvements.

Undoubtedly thousands of opportunities for use of construction services and materials exist in Canada today. Many of these are presumably awaiting the return of better and more certain times. Perhaps the concerted effort of the C.C.A. together with substantial inducements in this field now being offered by the Dominion Government, will be successful in convincing Canadian businessmen and entrepreneurs that the spending of money in this way can be made a profitable venture even under existing conditions.

If new industries from Europe can find Canada a profitable place for new capital commitments, perhaps there are profitable opportunities which Canadians themselves are passing up.

Government Spending

RECENTLY the Halifax Herald pooh-poohed the old-fashioned notion that governments go bankrupt if they continue to spend more money than they take in. It went to bat for the idea that it "isn't so much how governments borrow as how they spend that matters in social and economic crises."

Admittedly this business of "spending" is of vital consequence in governmental methods. If money is spent for productive, self-liquidating projects, then the chances are there is something on the credit side of the balance sheet to compensate for an added debt liability.

But the increase of governmental debt out of proportion to the wealth and income of the nation is reprehensible and dangerous no matter what the purpose for which the money is spent.

The Evening Times-Globe, neighboring contemporary of the Herald, drew attention to this fact the other day in reprinting some facts and figures on public debt and expenditure prepared by the Citizens' Research Institute. It found general agreement with the statement that "governmental expenditure and debt cannot continue to increase without disastrous consequences, except when the national wealth and income of the country increase in like or greater proportion."

The surest way to encourage the growth of national wealth and income at this juncture would be for governments to contract some of their fields of activity and expenditure, thus leaving a larger opportunity for private capital and initiative.

Germany Can Buy—If She Wishes

GERMANY feels herself encircled. She is denied, her leaders claim, access to essential raw materials that are vital to her existence as a nation. Both claims are absurd.

The truth is that Germany is denied access to no supplies, no materials, no essentials of life. In fact, she is able to buy whatever she wants in the very countries she accuses of having encircled her. Sir George Schuster British economist, shows that in 1938, for example, Germany bought from the so-called "encircling" countries the following percentages of her imports of major commodities:

1. Between 40 and 50% of Germany's imports of the following commodities: wheat, oilseeds and nuts, "all other oils and fats," cotton, iron ore, lead ore, zinc ore, chrome ore and zinc;
2. Between 50 and 75% of the following: maize, wool, flax, jute, etc., coal, mineral oil (crude and refined), aluminum;
3. Seventy-five per cent and over of the following: rubber (90%); manganese ore (85%); copper ore (80%); nickel ore (100%); iron; pig iron (80%); scrap (93%); copper (77%); nickel (75%); tin (92%); and coke (96%).

Writing in The Economist of London, Sir George says:

> "It is not the purpose of this article to suggest that the British Empire and the other named countries should combine to impose economic sanctions in peace-time on Germany. But the figures bring out two points with striking clearness: How amazingly little justification Germany has for claiming that she has not access to raw materials, since she has drawn these enormous quantities of materials required for war preparation from the very countries which might have been expected to combine to prevent her building up power to threaten their way of life; and the great bargaining power that the British Empire and the other named countries would possess if they were to combine to use it for the establishment of a progressive international policy of peaceful trading."

It is of considerable importance to Canada to note that, while Germany has been increasing her imports of nickel and nickel ore, the entire increase, in ore at least, can be traced to a new source opened up in the Dutch Indies.

If Germany has difficulty in buying abroad it is not because of any unwillingness on the part of any nation to sell to her. Her difficulties arise out of the fact that she has voted herself out of the world trading system in order that she could utilize her foreign exchange to buy materials needed for a war economy rather than materials required to raise the standard of living of her people.

Each day that passes makes more remote the possibility that an economic understanding between the leading powers could protect Germany's economic system from collapse while putting the emphasis upon butter instead of guns. But there is still time to save Germany from the unhappy consequent fate to which her leaders are directng her course.

Both the World Monetary and Economic Conference and the Disarmament Conference can be reconvened the moment Germany expresses a willingness to work out in advance the economic and political settlement that is needed to save peace in Europe. And in a spirit of self-determination these conferences could save not only Germany but the world from either economic collapse or war.

Royal Booklet Needed

EVERYWHERE Canadians are showing by their conversation and by their curiosity that they still crave more news and information regarding the Royal Visit. The story is still "holding up" even though the Royal Standard fluttered atop Buckingham Palace over two weeks ago.

Ottawa would do well to speed preparation and presentation of some official photographic record of the visit.

This should be something which would do justice to the magnificent photographs taken under direction of Capt. Frank Badgley, director of the Canadian Motion Picture Bureau and in charge of the official photographic pool for the Royal Visit. It should also be available in a form and at a price which would be within the reach of every home—especially every young Canadian.

Another excellent suggestion publicized recently by the Windsor Star is that a booklet of this sort be made available to the number of several millions and distributed in the British Isles "so that our cousins over there could really secure first-hand information about Canada, as well as finding great interest in this pictorial report of the journey of the King and Queen."

We know many people at Ottawa are taking momentarily a well-earned rest after months of arduous preparation and participation in the Royal Visit. But no time should be lost in consummating plans for preparation and sale of booklets of this type.

Editorials in Brief

Plans are Completed to move the government and parliament to safety outside London should the United Kingdom become involved in war. Once Britishers get used to seeing their legislators on the wing it may not be too difficult to sell them on the idea of doing a real job of it and moving the Empire capital to Canada.

* * *

Commenting on the "Good Neighbor" pages appearing in The Financial Post, the Val d'Or Star makes special mention of the story of Noranda as told in this series.

The story, says the Star, "gives an outsider a real insight to the manner of living that is enjoyed by those that work in the big Quebec mine."

* * *

Speaking Recently to the Canton Conference on Canadian-American Affairs, Professor Mackintosh of Queen's University recalled a radio address on the Manchurian crisis in which the speaker, a New England editor, was questioned from the audience, "Is not Japan doing only what Great Britain and the United States have done in times past?"

To this the speaker replied: "My friend, if you will read the Scriptures you will find that the Lord God Jehovah did things in Old Testament times that no decent American citizen would do in 1935."

Sayings of the Week

"Victorian laissez faire, if not dead is dying; Marxism is powerless to be born."—*Earl Baldwin.*

* * *

"The finances of Japan will not permit things to continue as they are for very long."—*Sir George Paish.*

* * *

"The democracies are wobbling and there is a great amount of discussion among them and squabbling, but very little action."—*Dr. Nicholas Murray Butler.*

* * *

"I am far from content with what the railways of Canada have done to meet their own opportunities and their own problems." — *Sir Edward Beatty.*

* * *

"Only some of Canada's Scots came from Scotland, the more stubborn breed came from Northern Ireland." — *Professor W. A. Mackintosh, Queen's University.*

* * *

"He who does not gamble cannot win. If it comes to a crisis, our answer is that if our Government takes a risk we will follow and are ready also to take a risk."—*Propaganda Minister Josef Goebels.*

* * *

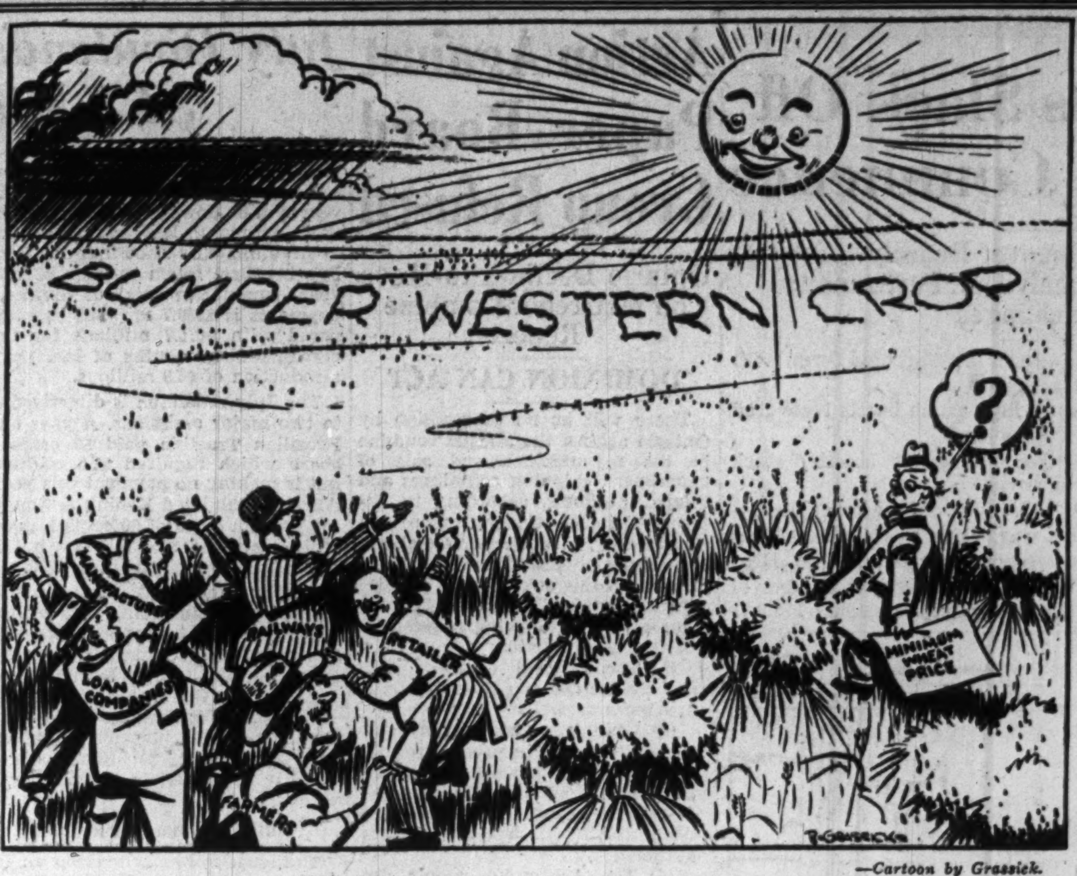
"It is becoming increasingly apparent that Great Britain is anxious, almost pathetically anxious, to surrender world leadership to the United States."—*Professor A. R. Lower, University of Manitoba.*

* * *

"Co-operation between Great Britain and the Reich must remain a dream until Germany is ready to drop her unjust suspicions of others and show that she is sincerely ready to talk reason with reasonable people."—*Prime Minister Chamberlain.*

* * *

"On the whole, the defence policy of Mr. King's Government appears to be a pretty satisfactory compromise between 'political' consideration and genuine national needs."— *C. P. Stacey, Assistant Professor of History, Princeton University.*



—Cartoon by Grassick.

LET'S HOPE MR. TAXPAYER WILL BE HAPPY, TOO!

Post-Scripts . . . .

Royal Handwriting

Writing to us from Vancouver to express appreciation of the "coverage" of Royal tour personalities and anecdotes which appeared in this column, W. A. Ryrie, who makes a considerable hobby of handwriting analysis has sent some interesting observations about the handwriting of the King and Queen. Mr. Ryrie, who specializes in financial analysis, contributed an article on business aspects of handwriting analysis to The Financial Post three years ago. Says Mr. Ryrie:

"How I would have hated to miss being able to see the beauties of Their Majesties handwriting! Really theirs is Royal writing.

"The King's writing so reminded me of his father's that I went and dug out a specimen I had and found that the two writings could be set on top of each other and show practically no difference. Truly he is his father's son with all the grand things that this comparison implies.

"The same warm-hearted friendliness; the same room in his nature for other people, their interests and troubles. The same fairmindedness, and the same love for athletics and physical prowess. There is even the same touch in both writings of manual dexterity or appreciation of work done with one's hands yet balanced by natural dignity.

"A particularly interesting characteristic is His Majesty's faculty for injecting 'bigness' into whatever he does. It is more than merely an instinct for big affairs because even when such a person does what by others would be but an ordinary action, with His Majesty the action becomes naturally great. In his father this showed, for instance, by his being the first person to make a world broadcast, while with the son it shows at the start of his Royal career in this just completed visit to our Dominion and to the U.S.A.

"In King George V the characteristics all blended and accumulated till at his death he was acknowledged the world's greatest Monarch. The son's writings give every inner sign that he will maintain, and if possible enhance this wonderful reputation.

* * *

George R.I.
1939

Elizabeth R
1939

"The Queen's writing is outstanding for its refinement and dignity. It is essentially feminine in contrast to the King's masculine vigor. It is exceptional to find in such a hand the signs of interest in others which Her Majesty's writing shows. Both King and Queen have this characteristic to a marked degree. The Queen also shares her husband's natural instinct for imparting greatness to whatever she does. In the characteristics they share in common they make indeed a Royal couple.

"I think the remarkable find in the Queen's writing was her intuition. Her interest in people is just naturally expressed by her doing the right things at the right time. She can put people completely at their ease no matter how uneasy they may start off by being, and she instinctively hits upon the right word and act in her association with people either great or small.

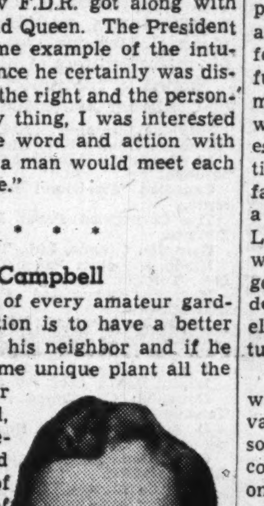
"Another phase of this intuition is that things just don't go wrong where the Queen is concerned, and as she is loyally concerned in everything regarding her husband they combine to give a beautiful illustration of married unity and happiness. In this way it would be probably impossible to make a division as to their doings and the success of their visit.

"Speaking of intuition, I was eager to hear how F.D.R. got along with our King and Queen. The President is an extreme example of the intuitive, and since he certainly was disposed to do the right and the personally friendly thing, I was interested to catch the word and action with which such a man would meet each circumstance."

* * *

Gardener Campbell

The acme of every amateur gardener's ambition is to have a better garden than his neighbor and if he can grow some unique plant all the better. Arthur H. Campbell, who was recently elected a director of the Bank of Toronto, bears that distinction. The garden at the front of his property on Edgehill Rd., which as Montrealers know is well up on the side of Mount Royal, is a bit of a show-place. It is even said that the "See Montreal" buses make a point of going by the place at night when the garden is flood-lighted, so that visitors to town can see what Montreal has in the way of fine gardens.



ARTHUR H. CAMPBELL

Arthur Campbell's interest in gardens comes about naturally, for nearly all his business life he has been interested in things of the soil, particularly if they take the form of a tree. After attending U. of T. where he devoted a good deal of time to captaining the baseball team, playing half-back on a Canadian championship rugby team and joining a fraternity, he entered the lumber business of W. C. Edwards & Co. Later he became the New York manager for Robinson, Edwards Lumber Co. After 10 years in the Big City he returned to Canada to organize the Campbell, MacLaurin Lumber Co.

This was in 1907. Since then he has greatly broadened his field of activity. From 1913-17 he headed the Montreal Lumber Association; in 1926, the Canadian Forestry Association. He is president of Drummond Coal and Lumber Co., and a director of Lake St. John Power & Paper, St. Lawrence Corp., St. Lawrence Paper Mills, Crown Trust Co., Fraser Cos., Restigouche Co., and New Brunswick Railway Co. His sense of duty as a citizen is evidenced by his being a governor of the Montreal General Hospital, and through his association with the Family Welfare Association and the Boys' Home.

We might mention, too, that when winter sets in and gardening is no longer possible, Arthur Campbell displays no little proficiency as a curler.

* * *

Julian Smith's Hobbies

The late Julian Smith, president of Shawinigan Water and Power Co., and of many other Canadian corporations, was a man of extraordinarily broad interests. He not only found time to run a highly successful utility enterprise, but engaged in many other "outside" occupations which were of a more personal interest to him. For example, he was particularly keen on astronomy and favored this hobby by the erection of a large telescope on his property at Lake Memphremagog. In his own way he was a bit of an inventive genius. He contributed many new devices to his chosen profession of electrical engineering, and even ventured outside of that field.

This summer the British Admiralty will be presented with a new and vastly more efficient type of depth sounding recorder. The depth recorder is not new. It has been used on naval and mercantile vessels for several years. But the type in use was particularly sensitive and not always to be relied upon. The improvement of this instrument presented a problem requiring a high degree of technical skill for its solution. Julian Smith, with the aid of one or two friends, undertook to work on the instrument. They succeeded just before Mr. Smith's death in successfully developing a machine which was greatly superior to that in use. It was given a thorough test by the group who made a very accurate chart of the Lake Memphremagog waters. The work has been finished and the new instrument will shortly be turned over to the British Admiralty for use on naval ships.

Judge Davis

"Tommy" Davis, sharp-witted attorney-general of Saskatchewan, has dropped his political mantle to don the robes of a judge of the Saskatchewan Court of Appeal, thereby depriving the Provincial Legislature of one of its most active minds. Mr. Davis will be replaced by Hon. J. W. Estey, present Minister of Education, who will assume both portfolios for the time being.

Judge Davis, christened Thomas C. Davis, was often termed the "human dynamo" of the Saskatchewan Legislature, and those who had to work with him meant working like blazes to try and keep up with his agile mind.

JUDGE DAVIS

Judge Davis's father was Senator Thomas Osborne Davis in the Federal Parliament, who started life on the fringe of the prairies at Prince Albert where h. traded with Indians in 1820, so "Tommy's" political intuition is probably inherited. He was born in Prince Albert in 1889 and, after a career of local politics that stepped him up to the mayorality of his home town, turned to the higher political sphere at the behest of Hon. J. G. Gardiner, then Premier of Saskatchewan. He was invited into municipal as well as provincial politics and made a success of both fields.

Mr. Gardiner, to fill in time one day, stepped into a court room at Hoey, Sask., and heard a young lawyer named Davis handle a case. Impressed, he invited him to run in the 1925 provincial election campaign. Mr. Gardiner made no mistake because Mr. Davis has not known defeat since. Thomas E. Fear was his opponent in the 1925 election and despite his defeat he has been a firm friend of Mr. Davis since.

There have been times when Mr. Davis was termed unofficial Minister of Natural Resources for the province. He has done a great deal toward developing the northern mineral area and has considerable interests largely in Lac la Ronge area. He is distinctly air-minded and has used the airplane oftener than any other member of the Government.

Dominion Day . . .

Montreal Gazette

Dominion Day ought to mean something more to us than fishing and tennis and golf and baseball and swimming, though these things are appropriate enough and beneficial enough. It ought to bring us a little closer to some of the larger difficulties that have followed Confederation, that are more acute and pressing now than ever before, and yet are capable of satisfactory solution if a united effort is made to deal with and remove them. The recent presence of Their Majesties, King George and Queen Elizabeth, gave us something of a new pride in our country, a new realization of its greatness. We were impressed with what we had to show, even as these royal visitors were impressed with what they saw.

The King himself has spoken in unmeasured terms of Canada, of its resources and its people, of what, under wise guidance, the future may bring. He has been "sold" on Canada, and the Dominion could have no better missioner at any time, anywhere. But even all the goodwill of His Majesty will not accomplish the tasks that require to be done in this country. They must be done by the Canadian people and can be done only by the Canadian people acting together in resolute pursuit of a common national objective.

The Financial Post asked the question a few days ago: "Why can't we, as Canadians, roll up our sleeves again and use the same sort of teamwork in tackling urgent social and economic problems?" And again: "Why not continue to show the world that we are united, capable, self-reliant and courageous—a country where youth — and everyone else—has the finest opportunity in the world to prosper and succeed?"

Why not? No one will or can do for us the things that we must and can do for ourselves. Even we cannot do them in an atmosphere of sectional jealousies, class warfare and industrial conflict. Fortunately, however, that atmosphere can be dissipated. We must once again sit around the table, as was done three-quarters of a century ago, and bring to our problems the same spirit, the same non-partisan disposition to compromise and adjust, the same vision and courage which actuated the Fathers of Confederation and brought about the first Dominion Day.

As Others See Us

Business as a Good Neighbor

Canadian Statesman, Bowmanville

The Financial Post, in its usual thorough and reliable way, has been running a series of articles in its informative publication on corporate citizenship with the general theme of "Good Neighbors." This week we received a very attractive booklet from The MacLean Publishing Co. containing the series of articles on these public relations stories which have commanded a great deal of favorable comment. The inside history is given of such leading Canadian business institutions as The Bell Telephone Co., General Motors of Canada, Massey-Harris Co. Limited, Hydro-Electric Power Commission and others.

Elections and Bren

Calgary Herald

Another factor that might suggest an election before a 1940 session is the failure during the recent session to dispose finally the Bren gun issue.

The Public Accounts committee which considered this contract for nearly three months failed to present a report before prorogation. Little new light was thrown on the contract by the extended committee hearing, but one outcome of the Davis Commission enquiry was the creation of a Defense Purchasing Board to supervise all Department of Defense contracts in future.

The last has not been heard of the Bren gun issue and whether at another session or on the hustings it will assuredly come in for a lot more attention.

Muddled Defense Policy

Ottawa Journal

Canadian industrialists, in session this week, discussed what they called "the mystery of missing British war orders." Judging from the discussion, as it has appeared in the public prints, there is as yet little co-operation between the National Defense Department and manufacturers, with consequent doubt, confusion, and, what is worse, delay. Certainly it is a grave thing that, at this juncture, after three years of alleged defense study and preparation, Canadian manufacturers have to admit that their resources are not being used.

In Great Britain, as the Toronto Financial Post points out, private industry has been mobilized, as all other factors in the national life have been mobilized, to strengthen the country's defenses. In Canada, if we are to believe the statements of our manufacturers, industrialists cannot even learn what the Government's policy is.

In any event, and taking the position as a whole, there does appear to be something radically wrong with Canada's defense programme. It is now three years since the Minister of Defense outlined to Parliament what he held to be "Canada's minimum defense needs." In the course of those three years Parliament has voted the Government all the defense money it asked for. It voted, roughly, $120,000,000. Yet, on the face of the Defense Minister's own statement given to Parliament a month ago, Canada is not anywhere near those "minimum defense needs." We are still without first-line aircraft. Still without submarines. Still without anti-aircraft guns. If war came tomorrow, this country, as an immediate factor in it, or in capacity to defend herself in it, would be negligible.

There are those who, speaking of the coming election, ask what the election is going to be about. The answer we suggest, is in Canada's muddled defense policy.

Accountancy Officers

Twenty-six years is a long time in one job and especially so when the time and energy are contributed freely in a desire to bring about better conditions in the chosen profession of the holder. Such a record is that held by Robert Wilson, who has just retired as secretary-treasurer of the Society of Chartered Accountants of the Province of Quebec. His term of office was fittingly recognized by the association which presented Mr. Wilson with an oil painting. This tangible recognition of a job well done is of minor importance compared to his own pride in the part he played in building the society up to its present prosperous condition.

Quebec's accountants take the society very seriously, with the result that it has developed into a strong, closely-knit organization. Election to office is an honor keenly sought and for these many years the society has been fortunate in having a very able executive. For the coming year the president is Alex Ballantyne, who succeeds Maurice Samson as the chief executive. He is to set the standards for some 588 active members and 355 student members. It is worthwhile noting that the Quebec society practices what it preaches in the way of balancing books, for last year income exceeded disbursements by $3,259.

Stop Me If

Beggar—Please help me to recover my child.

Lady—Is your child lost?

Beggar—No, mum, but his clothes are worn out.

Week in Business

Increased Confidence Helps Business Picture

Influence of Expanding Industry in United States Favorable — Variable Weather Affects Retail Trade — Danzig a Business Factor

Greater confidence among the people at large is perhaps the most important factor in the business situation. This has helped materially to loosen purse strings and start buying. While business is now entering the midsummer season, when great activity is not looked for, it is evident that a substantial volume of goods is moving.

Following the Royal visit, however, variable weather has had a noticeable effect on sales. Retailers report heavier sales on fine summer days are often offset by a decline when temperatures drop.

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In the industrial field, while indications are mixed, the majority are favorable. Employment was higher on June 1. Electrical production has been steadily increasing. Mining and manufacturing production has increased materially. Construction has been more active. Carloadings for some time have been ahead of last year. Demand for bank loans has been increasing.

On the other hand, carloadings of general merchandise and miscellaneous goods have been lagging below last year. Nor has the action of the stock exchanges forecast any expansion in business. Commodity prices have failed to show any noticeable advance. Despite the present calm, late fall, after the German harvest, is expected to see another crisis. Danzig is a big business factor.

• • •

In the United States business has had to wrestle with the general tendency for trade to become quiet in midsummer. To this seasonal influence has been added the unsettling effect of the closing days of Congress. The President's spending programme and the opposition to it, the political skirmishes over the dollar devaluation authority and the neutrality legislation have all been obstacles to recovery.

Yet, in spite of these factors, business across the border continues to make good headway with the indices rising farther. Surprising strength has been shown in the steel and automobile industries there. Textile markets, too, have been better. Naturally this improvement must have an effect on Canadian business.

• • •

Crop prospects which are the biggest single factor in the Canadian situation at present, continue most favorable. The western crop entered the month of July under conditions which have been described by more than one observer as the best in years. The latest report of the Canadian National Railways describes the situation in Northern Saskatchewan as the best since 1931 So far damage from hail or grasshoppers seems to have been slight. What a large crop means to the railways and steamship companies in earnings, to their employees in wages and to various industries such as the implement manufacturers, can be estimated far up in the millions. Of course, if the world wheat price does not strengthen, the Government may take quite a loss on its 70-cent guarantee.

Business Indicators

Current business continues active D.B.S. index for week ending June 24 slightly above previous week, and higher than year ago.

Retail sales in May higher than April, and above 1938 level. Wholesale sales also substantially higher in both comparisons.

Employment index for all industries at June 1 higher than in previous month and 1938; employment in manufacturing higher than at May 1, but down slightly from 1938.

Carloadings for week ended June 24 higher than year ago. Cumulative for year to date down 2.6% from 1938.

C.P.R. earnings for last week in June lower than last year. Cumulative for year to date 0.8% higher than year ago.

Automobile sales in Canada in May higher than year ago; cumulative for year to date down 11.8%. Motor truck sales for month lower; total for five months down 15.4%.

Constructon contracts awarded in June up $4.2 millions from year ago. Cumulative for six months up 3.4%

Sugar grindings for four weeks ended June 17 below last year. Cumulative up 6.3%.

Trend of business shown by The Financial Post Business Index and following key factors, news items for week being marked thus ▴.

	June 24	June 17	June 10	June 3	June 25/38
Commodity prices	73.3	73.1	73.3	73.5	80.4
Weekly index	107.3	107.1	107.3	108.4	106.0
	May	Apr.	Mar.	Feb.	Year Ago
Financial Post index	■116.1	113.2	112.1	113.0	110.4
Retail index no. of sales	▴81.1	79.2	76.3	75.6	78.5
Dept. store "	73.5	75.6	71.7	72.2	73.5
Wholesale "	▴101.5	87.1	87.4	61.2	95.5
Country (% change fr. last yr.)	....	▴—2.8	—7.6	—8.8	....
Employment D.B.S. Index—	June 1	May 1	Apr. 1	Mar. 1	Year Ago
All industries	▴113.1	106.2	104.9	106.5	111.9
Manufacturing	▴111.4	108.4	107.1	107.0	112.3
Wage earners, No. (000)	....	....	▴2,186	2,161	2,163
Living costs¶	....	$17.02	$17.04	$17.07	$17.36
			Jan. 1 to date		%
Railways—	1939	1938	1939	1938	Change
Carloadings, week (June 24)	$ ▴45,366	43,393	1,069,664	1,101,146	—2.8
C.N.R. gross, week (June 21)	$ 3,470,811	3,106,638	82,864,895	78,365,282	+5.7
C.P.R. gross, week (June 30)	$ ▴3,215,000	3,411,000	61,807,000	61,286,000	+0.8
C.P.R. net revenue (May)	$ ▴1,906,944	422,118	4,288,025	2,169,620	+97.7
C.N.R. net revenue (May)	$ 1,473,054	•478,614	•493,321	•4,909,400	....
Iron and Steel (May)—					
Pig iron production (tons)	57,746	71,602	243,716	339,783	—28.3
Steel ingots and castings prod.* (tons)	121,413	114,859	472,239	561,340	—15.9
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (May)	▴14,353	14,056	45,798	51,628	—11.3
Factory output (May)	11,585	13,641	[illegible]	65,088	—8.7
Trucks and Buses					
Domestic sales (May)	▴3,505	3,808	11,153	13,184	—15.4
Factory output (May)	4,121	4,474	19,857	22,338	—11.1
Exports (Apr.)	2,274	4,116	23,221	23,912	—2.9
Financing (May):					
Used	$ 4,832,096	4,829,349	13,809,068	15,247,853	—9.4
New	$ 4,500,635	5,318,246	12,242,106	16,408,214	—25.4
Construction—					
Contracts awarded (June)	$▴25,196,300	20,924,900	83,445,900	80,652,000	+3.4
Cement, bbls. (Apr.)	▴273,969	364,096	716,886	873,104	—17.8
Agriculture—					
Flour prod.,* bbls. (Apr.)	1,113,693	794,282	4,442,698	3,564,182	+24.6
Flour exp., bbls. (May)	515,778	297,126	1,822,109	1,351,828	+34.8
Wheat exp., bus. (May)	13,655,266	3,370,545	36,676,451	18,508,487	+98.1
Cattle sales (May)	67,208	59,824	289,515	273,523	+5.8
Hog sales (May)	59,494	59,396	271,628	320,651	—15.3
Sea Fisheries. (May)‡					
Catch, cwts.	988,100	1,082,200	2,879,030	2,272,630	+26.6
Landed value	1,812,000	1,883,500	3,788,960	3,973,870	—4.7
Newsprint (tons)—					
Production (May)	250,015	207,678	1,100,519	1,058,177	+4.0
Exports (May)	244,399	209,069	970,461	917,766	+5.7
Mining and Oils—					
Coal prod., tons (Apr.)	905,493	870,639	4,566,908	4,961,778	—7.9
Coal imports, tons (Apr.)	264,520	545,287	1,701,359	2,017,754	—15.6
Gold prod., fine oz. (Apr.)	403,795	368,439	1,623,303	1,446,386	+12.2
Nickel prod., lb. (Apr.)	18,443,625	20,469,463	68,451,544	74,047,064	—7.5
Copper prod., lb (Apr.)	49,759,762	47,750,255	191,290,651	195,129,628	—1.9
Crude oil prod., bbls. (Apr.)	558,779	464,316	1,831,022	1,815,685	+0.8
Crude oil imp., bbls. (May)	3,643,657	3,801,000	9,753,514	9,519,708	+2.0
Electric Power Output (May)—					
Total monthly m.k.w.†	2,333,235	2,081,935	11,497,674	10,745,222	+7.0
Foreign Trade—					
Imports (May)	$ 72,957,808	67,123,037	257,369,917	277,745,537	—7.3
Exports (May)	$ 94,882,594	72,791,247	372,760,875	337,371,813	+10.4
Other Industrial Factors—					
Dressed lumber exp.: M. bd. ft. (May)	165,539	124,957	724,003	589,915	+22.7
Shoes, prod., pr. (Apr.)	1,774,578	1,959,885	7,360,581	7,308,310	+0.7
Cotton imports, lb. (Apr.)	4,467,000	6,761,000	25,142,000	42,700,000	—41.1
Raw rubber imp., lb. (May)	5,903,731	5,700,660	24,367,414	18,081,374	+34.7
Cigarette cons. (May) No.†	625,869	592,763	2,635,324	2,600,334	+1.3
Sugar manufactured lb.§	▴94,105,028	94,408,309	301,950,913	283,874,458	+6.3
Finance—					
Bank debits (May)†	$ 2,839,207	2,461,867	12,302,222	11,854,491	+3.7
Bond sales (May)	$219,462,536	205,350,369	693,421,463	561,591,550	+23.5
Life insurance (May)	$ 33,657,000	30,342,000	156,777,000	154,929,000	+1.19

†000's omitted. §For four weeks to June 17, 1939

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.

†000's omitted §For four weeks to June 17, 1939.

‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.

¶For average family per week, food, fuel, rent. ■Revised. •Deficit.

QUARTERLY QUOTATIONS

—An Index to Bond Values

The July issue of our "Quarterly Quotations" is now available. Approximate *bid* and *asked* prices as of July 3rd on an extensive list of government, municipal and corporation bonds are given therein.

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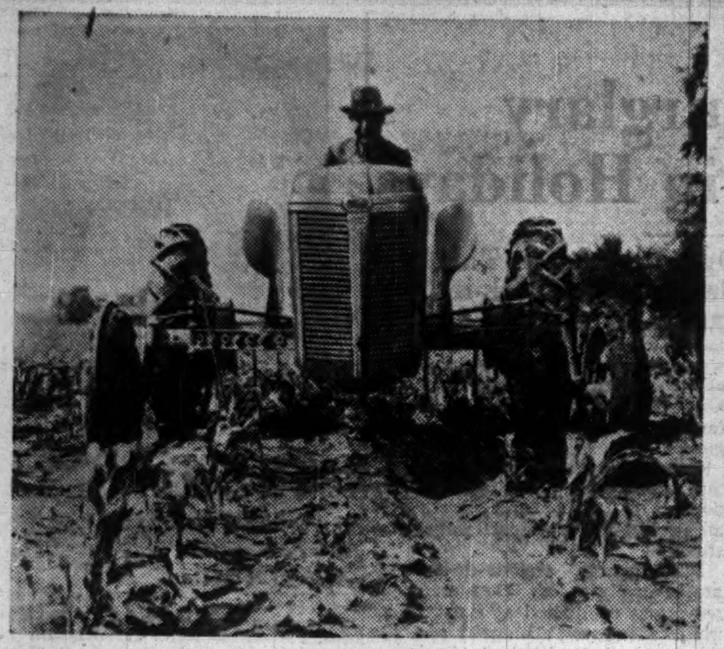

A VERSATILE TRACTOR—

Ford Motor Co. is preparing to introduce its newly designed Ford tractor to farmers in the United States and Canada. This picture illustrates the adjustment of width of tread possible to accommodate different crops. In Canada, the tractor will be handled by Ford Motor Co. of Canada and should be available for sale in the early fall.

Keeping Posted

By J. C. KIRKWOOD

JOHN C. KIRKWOOD

There was humor in the circumstances which led British tobacco manufacturers to buy the eight million pounds of tobacco which the growers in western Ontario had carried over from 1938. It was J. F. MacKay, Toronto, who is identified, along with his son, Ewart, with the western Ontario tobacco business, who told me of the pranks of Dame Fortune.

When British tobacco manufacturers found themselves unable, from the economic point of view, to continue importing American tobacco for blending purposes, they turned their eyes to Canada. Because the best Canadian tobacco is practically identical with good Virginia, there was no valid reason why Canadian tobacco should not be used for blending purposes. But before the decision to buy the Canadian crop was reached, the British manufacturers — an extraordinarily conservative company— considered raising the consumer price of their cigarettes to permit them to continue using American tobacco. But they found that such a large percentage of the British consumption is bought via vending machines that it would be a disaster to flout these machines. The latter are constructed to be operated by the insertion of a single coin, so it became impossible to charge an extra penny or so for the standard pack.

When the idea of reducing the number of cigarettes in a packet was considered, again the vending machines protested; they would operate only with a packet of standard size. Thus baulked, the tobacco manufacturers sought out tobacco which would permit them to oblige the dictatorial vending machines and which, at the same time, would retain for their brands their established flavor taste. So it was the vending machines, and not the goodwill of the British tobacco manufacturers, which sold Canada's surplus of fine tobacco.

• • •

Queenly Outfits

How many "ensembles" had Queen Elizabeth with her on her Canadian visit—how many dresses and wraps, etc.? The answer is 26—about 1 for each day for the duration of the Royal Visit. Does a Queen wear her old clothes over again? Dare she do so? And what becomes of discarded gowns and hats?

There's a special article about the Queen's gowns in the July issue of Mayfair, with many pictures showing what the Queen wore indoors and outdoors, for this occasion and that. I suggest to husbands that they take home with them this July issue of Mayfair, which reviews, in pictures and in story, the Royal progress, for the enjoyment of their womenfolk, and perhaps for their own. I say "perhaps," for it is conceivable that portions of the article about the Queen's gowns may be cryptic to a man—as, for example, a passage like this: "Under the loose coat is a 1-piece dress entirely hand-tucked in diagonal lines."

• • •

Pump History

"Pump-priming" is an expression which we have been seeing and hearing with irritating frequency the past six months. Perhaps it was this focusing of world — or U. S. A.— attention on pumps which accounts for the series of articles on pumps—their history, design and uses—to appear in Modern Power and Engineering.

The first of the series appears in the June issue, and I learn that the pump originated in China about 1,000 B.C. Those ancient Chinese seem to have invented everything. Before the word "pump" got to England, about 2,500 years had to pass. It took nearly 300 years after 1440 to produce the Newcomen pump, invented by a British blacksmith.

Seventy years later James Watt invented an engine or pump to get water out of mines. Thereafter the idea of the pump developed rapidly —the atmospheric pump was followed by the screw pump, then came the centrifugal pump; then the rotary pump; and so it went on, until today we have the metaphorical pump as used by governments when in extremis.

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Further Gain Is Shown By Industrial Building

June Work Adds to Spectacular Upturn in May

CONTRACT AWARDS

Industrial building again featured Canadian construction activity in June. Volume of factory projects initiated followed up the spectacular upturn in May, when contracts awarded for such work totalled three and a half times the May 1938 figure. Last month's industrial total of $4.6 millions was $1.4 million or 46% above June, 1938.

The gains of the last two months have put 1939 industrial construction, which had been lagging for some months, 43% ahead of the first half of 1938.

The advance in factory building no doubt can be attributed, in some measure, to response of industrial concerns to the new allowance of income tax credits, on outlay for plant extensions and improvements. Readiness to take advantage of these credits, aggregating 10% of the cost of projects paid for before next May, has been particularly evident in modest sized jobs started or contemplated by smaller concerns.

Big Projects Boost Total

In the main, however, the larger volume of industrial construction has been contributed more directly by several major projects launched by big companies. The increase in May was more than accounted for by the $2.5 millions project of International Nickel Co. at Garson, Ont., where a new shaft and surface plant are being constructed; and inclusion in the May contract returns of a tentative $1 million to cover the Aluminum Co. plant near Kingston. This was started in May but not announced until June.

As to the June return for industrial work, it would have shown a drop of several million dollars had it not been for inclusion of $3.5 millions to account for the outlay on the Aluminum Co. plant not covered by the May report; and for expenditure by the same company on plant improvements at Arvida, Que.

As compiled by MacLean Building Reports, total value of all types of construction contracts awarded in June was 20% over the same month last year. The cumulative figure for the first six months is 3.4% over the parallel period of 1938, the increase being 21% if the comparison is confined to the three "building" subdivisions of contracts (excluding engineering work). While ahead of 1938 and 1936, the cumulative is substantially below the 1937 half year total.

The engineering classification for the first half of the year shows a 41% lag, chiefly due to curtailment of highway and bridge building that has prevailed since early last year. In June, however, the engineering sub-total showed a modest gain of 8%, chiefly because of award of contracts for the $2 millions road between Montreal and Ste. Anne de Bellevue, and for the Grand River Valley dam near Fergus, Ont.

Residential construction continues to hold about 30% ahead of last year. Gains in this category in the past two months have not been as marked as in the 10-month preceding period, and June saw a falling off in apartment construction. Business construction showed a moderate gain last month, but this was contributed chiefly by awards for schools, churches and hospital buildings.

Current Trends Of Construction

Trends of construction activity in Canada last month and so far this year, broken down according to the chief categories of projects, are reflected in the following tabulation by The Financial Post.

CONSTRUCTION CONTRACTS AWARDED

By Groups—First Six Months

	1939	1938	—Change— 1939	
	— Millions of $ —			%
Residential	33.3	25.6	+7.7	+30
Business	23.6	22.9	+0.7	+3
Industrial	12.3	8.6	+3.7	+43
Engineering	13.9	23.0	—9.1	—41
Total	83.4	80.6	+2.8	+3.4
*Bldgs. total	69.5	57.5	+12.0	+21

*Sub-total for three classes concerned primarily with buildings, and excluding engineering projects such as highways, bridges, etc.

June Totals by Groups

Residential	7.9	6.2	+1.7	+27
Business	6.5	5.7	+0.8	+14
Industrial	4.6	3.2	+1.4	+46
Engineering	6.2	5.7	+0.5	+8
Total	25.2	20.9	+4.3	+20

June Awards by Classifications

	June 1939 $	June 1938 $
Apartments	998,600	1,180,900
Residences	6,908,800	5,044,100
Total residential	7,907,400	6,225,000
Churches	1,052,100	337,500
Pub. garages	311,800	378,100
Hospitals	1,008,700	544,000
Hotels, clubs	493,900	726,000
Office bldgs.	378,900	739,200
Public bldgs.	461,000	396,000
Schools	1,497,400	1,385,400
Stores	785,800	560,800
Theatres	181,600	272,100
Warehouses	298,100	363,100
Total business	6,468,700	5,702,200
Total industrial	4,637,700	3,266,700
Bridges	84,700	777,700
Dams, wharves	1,346,400	227,700
Sewers, watermains	326,200	168,400
Roads, streets	4,039,100	2,842,400
Gen. engineering	386,100	1,718,000
Total engineering	6,182,500	5,734,200
GRAND TOTAL	25,196,300	20,928,100

Cumulative Totals—First Six Months

1939	$83,445,900	1937	$110,375,800
1938	80,652,000	1936	77,708,500

SECURITIES SHOULD BE SUPERVISED

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New Building

Dominion Railway Board has approved construction of the long-urged subway carrying Jones Avenue under C.N.R. tracks in Toronto, with $332,500 of the $475,000 cost to come from the level crossing elimination fund established by the government and the railways.

Dominion Textile Co. has awarded general and sub-contracts for $180,000 cotton storage warehouse at Cote St. Paul, Montreal.

Canadian Associated Aircraft Ltd. is receiving tenders to July 10 through **T. Pringle & Sons Ltd.**, industrial engineers, for construction of assembly plants at St. Hubert, Que., and Malton, Ont., Toronto suburb, for production of British military aircraft.

Canadian Industries Ltd. has awarded contract at about $200,000 for paint and varnish plant at Cote St. Luc Village, near Montreal, to **Anglin-Norcross Quebec Ltd.**

Aluminum Co. of Canada has awarded contract to **Foundation Co. of Canada** for new smelter unit and rectifier station at mill at Arvida, Que. This is an addition to recently announced project for erection of bauxite ore storage plant.

Reported by Engineering & Contract Record:

Canadian National Railways has awarded contract to **Foundation Co. of Canada** for $250,000 track structure in connection with Montreal terminals project.

Bank of Montreal plans to call tenders about middle of August for main contract for erection of new 16-story Ontario headquarters building in Toronto.

Nova Scotia Light & Power Co. has awarded contract to Montreal Engineering Co. for $500,000 dam construction project at Black River, N.S.

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(Patents Applied For)

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The special process developed for alloying lead assures its uniform distribution throughout the steel. Steel of any composition wherein this practice is used, and wherein the result obtained is a uniform dispersion of lead, is Ledloy. In this form it has no effect upon the physical properties of the steel, but greatly increases the rate at which it can be machined. The lead is usually added in amounts from .20% to .30%.

Physical Properties

The physical properties of Ledloy are exactly the same as other steels of like analysis produced without the addition of lead. Strength, ductility and resistance to impact are unchanged within the limits of accuracy in testing.

Improved Machinability

In every analysis the machinability of Ledloy steel is superior. Actual runs on cold finished Ledloy 1120 show production increases up to 34.3% over high sulphur Bessemer screw stock (SAE-X1112). Cold drawn Ledloy 1045 machines faster than the .35% Carbon screw stock SAE-X1335. Production increases up to 33 1/3% can also be obtained with higher carbon grades.

Ledloy Increases Tool Life

Despite the greatly increased machining speeds permitted, appreciable increases in tool life also result from the use of Ledloy. Tools last from 50% to 200% longer when cutting this new steel.

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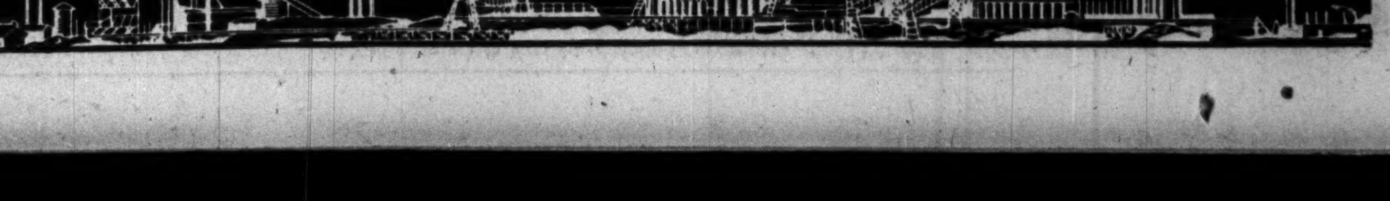


Banking

Demand for Bank Credit Maintains Upward Trend

Current Loans Increase for Third Successive Month — Call Loans Also Swing Upward — Deposits Decline Though Still Above Last Year

Demand of business for bank credit is growing. For the third successive month, current loans in Canada at $821.5 millions have shown an increase over both the preceding month and the corresponding month last year.

The increase over 1938 was $52 millions, while that over the previous month was $7.4 millions. Expansion of the loan total in both comparisons is notable for two reasons: (1) May is usually a month when commercial loans show a decline, and hence the present upward trend is contra seasonal. (2) With loans to finance last year's wheat crop steadily being liquidated, the slack is being more than made up by borrowing from other sources.

Another feature of the May statement is the first increase in call loans over the previous month since December. This increase probably reflects greater stock exchange activity during the month. Compared with 1938, a decrease of $10 millions is noted, however, maintaining the previous trend.

Loans to municipalities and provinces were both higher than a year ago, but, compared with the previous month, loans to the provinces were lower, though municipal loans were higher.

Total loans in Canada at over $1 billion were $8.3 millions higher than in April, and up $53.2 millions from a year ago.

The result was that The Financial Post Credit Index at 37.1% was 1.1% higher than in April, and 0.8% above May last year.

Short term investments of the banks were down substantially in both monthly and yearly comparisons, but long term investments were higher. This may reflect a belief that interest rates are not likely to show any rise for some time.

While total deposits in Canada were $67.2 millions above last year, they showed a decline of $50 millions from the previous month. Of this amount, $31 millions was in demand deposits and $18 millions in savings deposits. The decline is probably partly due to summer buying.

Notes of the chartered banks in circulation, at $90.2 millions, were $4.5 millions lower than in April, and down $7 millions from a year ago. Deposits outside Canada were $16.5 millions higher than in April, and $80 millions above 1938.

The cash position of the banks continues strong at $266 millions, up approximately $6 millions from April, and $19 millions from a year ago.

That foreign capital is still coming to Canada is indicated by the fact that deposits of foreign currencies in Canadian chartered banks, at the end of May, were $90.8 millions, compared with $84 millions the month before.

Use of Bank Credit in Canada
(In Millions of Dollars)

	May, 1939	April, 1939	Change	May, 1938	Change
Loans	1,018.5	1,010.2	+8.3	965.3	+53.2
Investments	1,504.4	1,508.8	—4.4	1,449.4	+55.0
Total	2,522.9	2,519.0	+3.9	2,414.7	+108.2
Deposits	2,362.6	2,412.6	—50.0	2,295.4	+67.2
Credit index*	37.1%	36.0%	+1.1%	36.3%	+0.8%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

	May, 1939	April, 1939	Change	May, 1938	Change
	$	$	$	$	$
Immediately Available Liquid Assets					
Canadian coin	6,026,933	5,522,584	+504,349	5,452,012	+574,921
Bk. of Can. notes	54,661,201	48,358,848	+6,302,353	52,185,613	+2,475,588
Bk. of Can. depos.	205,355,441	206,187,420	—831,979	189,130,979	+16,224,462
Bank's cash	266,043,575	260,068,852	+5,974,723	246,768,604	+19,274,971
Other bank notes	5,777,853	5,151,509	+626,344	6,416,259	—638,406
Gold & sub. coin abd.	5,866,982	5,619,016	+247,966	4,747,348	+1,119,634
Foreign banks	224,200,269	218,021,596	+6,178,673	126,681,709	+97,518,560
Foreign curr.	31,844,046	28,683,373	+3,160,673	24,950,867	+6,893,179
Gov. sec. short term	444,067,647	510,668,113	—66,600,466	447,541,195	—3,473,548
Do., long term	753,787,512	692,097,845	+61,689,667	700,487,661	+53,299,851
Call loans abroad	49,677,624	43,929,725	+5,747,899	57,891,739	—8,214,115
	1,781,265,508	1,764,240,029	+17,025,479	1,615,485,382	+165,780,126
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	104,035,824	102,392,821	+1,643,003	114,951,278	—10,915,454
Public secs.▲	77,500,216	76,059,241	+1,440,975	62,517,886	+14,982,330
Other secs.	125,069,089	127,635,055	—2,565,966	123,899,962	+1,169,127
Can. call loans	55,120,863	54,412,534	+708,329	65,706,387	—10,585,524
Current loans	821,545,250	814,102,924	+7,442,326	769,128,651	+52,416,599
Loans abroad	141,131,168	143,289,500	—2,158,332	162,344,283	—21,213,115
Prov. loans	21,837,870	22,587,745	—749,875	17,762,073	+4,075,797
Mun. loans	119,972,976	119,077,412	+895,564	112,724,402	+7,248,574
	1,466,213,256	1,459,557,232	+6,656,024	1,429,034,922	+37,178,334
Other Assets					
Non-curr. loans	8,967,375	8,942,465	+24,910	10,035,596	—1,068,221
Real estate	7,872,787	7,887,057	—14,270	8,374,535	—501,748
Mortgages	4,204,978	4,265,634	—60,656	4,420,457	—215,479
Premises	72,242,133	72,226,657	+15,476	73,617,862	—1,375,729
Letters of credit	52,255,459	53,552,427	—1,296,968	57,958,042	—5,702,583
Loans to comp.	11,566,700	11,320,184	+246,516	11,472,624	+94,076
Other assets	2,351,220	2,307,595	+43,625	2,215,305	+135,915
	159,460,652	160,502,019	—1,041,367	168,094,421	—8,633,769
Total	3,406,939,416	3,384,299,280	+22,640,136	3,212,614,725	+194,324,691
Note circ. dep.	5,494,064	5,490,826	+3,238	6,001,420	—507,356
Int. bank bal.	108,645,428	105,772,311	+2,873,117	112,906,721	—4,261,293
Gross	3,521,078,908	3,495,562,417	+25,516,491	3,331,522,866	+189,556,042

LIABILITIES

	May, 1939	April, 1939	Change	May, 1938	Change
To the Public					
Circulation	90,295,577	94,862,028	—4,566,451	97,298,721	—7,003,144
Dom. Govt.	114,024,712	30,543,589	+83,481,123	59,006,072	+55,018,640
Prov. Govt.	47,498,284	66,124,003	—18,625,719	48,105,702	—607,418
Deposits by Public					
Demand dep.	684,281,640	715,599,245	—31,317,605	669,938,337*	+14,343,303
Savings dep.	1,678,363,561	1,696,974,403	—18,610,842	1,625,497,864	+52,865,697
Total	2,362,645,201	2,412,573,648	—49,928,447	2,295,436,201	+67,209,000
Foreign dep.	484,393,814	467,875,156	+16,518,658	404,306,127	+80,087,687
Due to Banks Abroad, Etc.					
United Kingdom	14,109,121	13,809,021	+300,100	11,165,714	+2,943,407
Foreign	42,836,971	44,900,958	—2,063,987	44,039,547	—1,202,576
Bills payable	85,382	68,882	+16,500	235,012	—149,630
Letters of credit	52,255,459	53,552,427	+1,296,968	57,958,042	—5,702,583
Other liabs.	3,532,301	3,828,853	—296,552	2,883,891	+648,410
Total public liabs.	3,211,676,822	3,188,138,565	+23,538,257	3,020,435,029	+191,241,793
Due bet. banks	14,943,723	14,302,974	+640,749	17,793,793	—2,850,070
Liability to Shareholders					
Dividends	2,194,141	2,781,446	—587,305	2,364,170	—170,029
Reserve	133,750,000	133,750,000	....	133,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,508,064,686	3,484,472,985	+23,591,701	3,319,842,992	+188,221,694

▲Other than Canadian

Imperial Bank Issues New $5 and $10 Notes

New $5 and $10 bills are being issued by the Imperial Bank of Canada. The fives are blue in tint and the tens are green. Each note has the denomination figure engraved plainly in the centre.

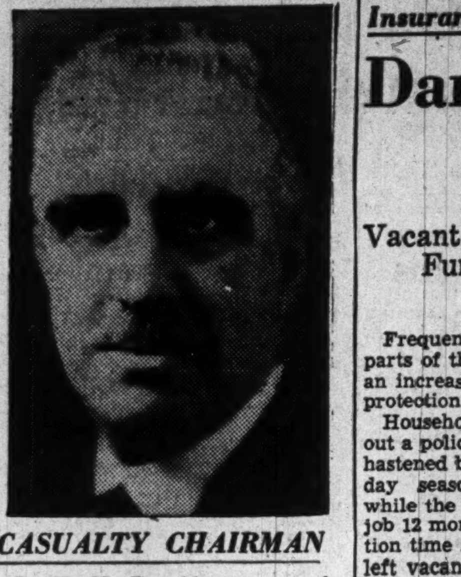
Of the same size as the notes of the Bank of Canada, these are the first notes the bank has circulated bearing the likenesses of H. T. Jaffray, general manager, and of A. E. Phipps as president. Former notes on which Mr. Phipps's portrait appeared, were issued when Mr. Phipps was general manager.

The present issue bears the date of Jan. 3, 1939. The engraving, which is sharp and clear, is the work of the Canadian Bank Note Co., Ottawa.

THE
WAWANESA
Mutual Insurance Co.
Assets $2,234,188.78
Surplus 1,057,853.38
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

THE LONDON & LANCASHIRE INSURANCE CO. LTD
ABSOLUTE SECURITY
W. R. HOUGHTON
Manager

FIDELITY
Insurance Company
of Canada
TORONTO



CASUALTY CHAIRMAN

D. K. MacDonald, manager for Canada of the London Assurance Co., was elected vice-president and chairman of the Casualty Branch of the Canadian Underwriters' Ass'n.

Bank of Canada Weekly Statement

Balance Sheet

	June 28, 1939	June 21, 1939
	$	$
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	164,613,285	165,036,074
Rest fund	1,903,515	1,903,515
Depos.: Dominion	28,807,084	36,193,885
Banks	203,092,206	200,867,124
Other	5,167,702	4,746,240
Total deposits	237,066,992	241,807,249
All other liabs.	2,047,786	2,030,090
Total liabs.	410,631,578	415,776,928
Assets		
Reserve: Gold	205,639,494	205,671,867
Res. in sterling and U. S.	40,542,025	45,901,679
Other curr.	1,689	1,689
Total reserve	246,183,208	251,575,235
Subsidiary coin	402,910	411,960
Investments:		
Dom. govt. short	108,775,291	107,780,014
Other Dom. govt.	51,205,540	52,102,227
Total invest.	159,980,831	159,882,241
Premises	1,657,962	1,657,831
All other assets	2,406,667	2,249,661
	410,631,578	415,776,928
Reserve ratio	61.28%	61.83%

Weekly Bank Clearings

	June 29 1939	Change year ago	June 22 1939
	$	%	$
Halifax	2,254,320	+0.2	2,602,439
Saint John	1,747,996	+6.6	1,883,675
Moncton	917,936	—0.4	768,779
Quebec	4,231,816	+15.6	4,696,157
Montreal	92,155,619	—22.7	118,476,957
Ottawa	15,674,074	+5.7	16,530,014
Hamilton	4,801,590	—3.8	5,860,748
Kingston	520,907	+2.6	571,445
Peterborough	723,448	+24.6	708,884
Toronto	93,443,325	—21.6	118,353,509
Brantford	930,092	+3.5	1,018,824
London	2,061,605	—26.7	3,059,309
Chatham	522,351	+6.4	653,109
Windsor	2,294,933	—10.6	3,154,431
Sudbury	1,125,187	—0.3	911,071
Fort William	676,945	+11.2	653,109
Winnipeg	34,929,107	+45.3	33,716,926
Brandon	291,659	—14.0	313,852
Regina	2,260,434	—14.4	3,444,525
Moose Jaw	500,002	+20.7	584,309
Saskatoon	947,795	—12.2	1,102,389
Edmonton	3,396,895	—6.4	3,952,650
Lethbridge	432,936	+16.2	....
Prince Albert	228,692	—13.4	304,324
N. W'minster	784,325	+19.4	618,177
Vancouver	16,440,343	+1.7	17,736,302
Victoria	1,695,069	+1.7	1,875,079
Calgary	4,127,760	—15.0	4,797,386

Insurance

Danger of Burglary Greater in Holidays

Vacant Houses Increase Opportunity for Thief — Funerals Also Favorable Time for Break-ins — Burglary Insurance Grows

Frequency of burglaries in various parts of the country has resulted in an increasing demand for insurance protection.

Householders considering taking out a policy, have had their decision hastened by the opening of the holiday season. Records show that while the efficient burglar is on the job 12 months out of the year, vacation time is his real harvest. Houses left vacant while the whole family is away, offer him an opportunity to make use of information he has probably been gathering all year. Insurance may not prevent him rifling the house. It will, however, indemnify the householder against loss.

Steady Growth

Consequently, burglary insurance in recent years has shown steady growth. The report of the Dominion Superintendent of Insurance for 1900 stated that there was only one company licensed by the Dominion to write this kind of insurance. The abstract of the same official for the 1938 showed there were 81. The one company in 1900 wrote $18,465 in premiums and paid claims totalling $3,935. The business at that time was on a very profitable basis.

In 1938 the premiums written totalled $1.5 million and losses incurred were $693,024. These losses compare with $586,549 in 1937 and $570,998 in 1936. Experience of companies this year to date indicates a definite up-trend in losses. In some quarters in fact there is an agitation for higher rates as current tariffs are claimed to be too low for sound underwriting.

The crime itself has its place in literature and the drama.

Modern Burglar Systematic

Bill Sykes is probably as well known as any character in fiction. The modern burglar, however, has added to Bill Sykes's qualities a business technique which makes him more difficult to deal with than his predecessor of 100 years ago. He works along business lines. Investigations have shown that whether working individually or in a gang, he uses up-to-date methods in preparing lists of prospects, obtaining information as to houses containing goods worth stealing, where they are kept and what is the best time to attempt a robbery. Records of the insurance companies indicate that he works according to a plan. Just as the insurance agent watches birth columns of newspapers for leads or the vacuum cleaner or sewing-machine salesman watches the marriage columns. the burglar watches the society columns to see what families are going out of town, what women wear expensive jewellery at social functions and probably keep it about the house and what families are entertaining wealthy guests.

Generally speaking, money, jewellery, silverware, clothing, furs, expensive paintings and liquor are among the articles most likely to be stolen.

Funerals in well-to-do-families are carefully noted. When a funeral service is conducted at a church or undertaking establishment and the whole family is likely to be in attendance, or when the whole family goes to the cemetery, the burglar gets a wonderful chance. Not only do the records show that the afflicted family is likely to suffer, but also friendly neighbors who may attend the funeral.

One insurance executive, for instance, told the writer last week, that his company was dealing with four claims for indemnity, under burglar policies, where the thefts had been committed when the families were absent at funerals.

Pay day of firms which pay by cash is also watched, as frequently the money is taken home by the employee overnight before being deposited in a bank.

Many a summer widower has been called to the phone only to have the party at the other end hang up, as soon as he answered. Chances are it was somebody trying to find out if anybody was at home.

Statistics show that residence burglaries are four times as numerous as automobile thefts and that there are five house burglaries to every fire in a dwelling.

The Residential Contract

Insurance protection is available under a number of contracts. The most common of these is the residential burglary, robbery, theft and larceny contract.

Under it there are at least five policy plans:

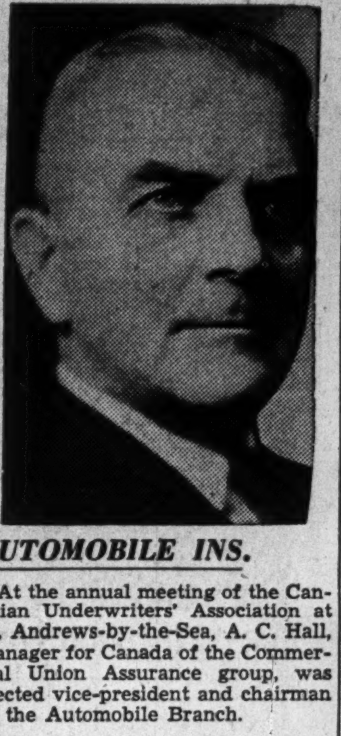
1. The 100% blanket policy covering the contents of residences generally.
2. The 100% blanket, with limitation of the amount payable on any one article to 20% of the total face value.
3. The divided coverage stipulating the amount of insurance on Section A (watches, jewellery, furs, gold, and sterling silver) and Section B (wearing apparel, household goods, money and securities).
4. Divided coverage, with indemnity on any one article limited to 20% of the face value.
5. Specific insurance where special articles are insured and definitely valued.

The blanket policy generally indemnifies the insured against:

Loss by burglary only or by burglary, robbery (personal hold up), theft or larceny.

Damage to property or premises (except by fire) caused by burglary, robbery, theft or larceny.

Loss from a safety deposit box in a vault in a bank, trust or safety deposit box company in Canada or the United States.



AUTOMOBILE INS.

At the annual meeting of the Canadian Underwriters' Association at St. Andrews-by-the-Sea, A. C. Hall, manager for Canada of the Commercial Union Assurance group, was elected vice-president and chairman of the Automobile Branch.

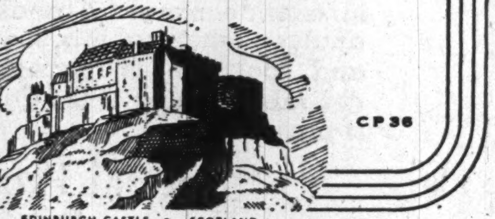
Obituaries

Sir George M. Brown, former European general manager of the Canadian Pacific Railway, at Toronto, aged 74. Was assistant director of railways and movement of troops in all areas during the Great War for which he was knighted in 1919.

G. J. Miller at Toronto; organizer Miller Independence Mines, Canusa Mining and Exploration Co. and Miller Storage Battery Co.

Dr. C. T. Noecker at Waterloo, Ont., aged 74, medical director Dominion Life Assurance Co.

THE STANDARD LIFE ASSURANCE COMPANY
OF EDINBURGH
Announces a new
PERSONAL PENSION PLAN
Ask for details of the
PROVIDENT PENSION POLICY
HEAD OFFICE: 3 GEORGE STREET, EDINBURGH
HEAD OFFICE FOR CANADA: 391 ST. JAMES ST., MONTREAL
All policies are written and issued in Canada and claims are admitted and paid by the Canadian Board of Directors



EDINBURGH CASTLE • SCOTLAND
CP36
Branch Offices are maintained in the following cities: Montreal, P.Q., Toronto, London, Ottawa and Hamilton, Ont., Fredericton and Saint John, N.B., Halifax, N.S., and Vancouver, B.C.

BIG Expenses from Little Accidents Grow
A large percentage of disabling accidents happen in and around the home—a tumble down stairs, a slip on a rug, a fall in the bath tub, a stumble in the dark. Every man who wishes to guard against out-of-pocket expenses such as doctor's and hospital bills should protect himself by Pearl Personal Accident Insurance.
Ask your agent for details of Pearl Personal Accident Insurance — or write to us.
PEARL
ASSURANCE COMPANY LIMITED
OF LONDON, ENGLAND
Head Office for Canada: Victory Bldg., TORONTO
LAWSON T. HARGREAVES, Manager for Canada
W. C. BUTLER, Supt. Casualty Dept.
THE EUREKA-SECURITY FIRE AND MARINE INSURANCE COMPANY
INCORPORATED 1864 — SAME YEAR AS PEARL — POLICIES GUARANTEED BY THE PEARL

How to Plan a Trouble-Free Vacation

DON'T OVEREXERT—Take your exercise in moderation at first. Fast tennis, long swims, or climbing mountains may thrill you, but think twice — athletes break into training slowly!

DRESS LIGHTLY—EAT WISELY — Guard against sunstroke or heat prostration. Wear porous clothes and always keep your head covered when in the scorching sun. Eat light foods, properly salted. Drink generous amounts of cool water.

TO MAKE YOUR CAR TROUBLE-FREE—
Did You Have— YES
the brakes adjusted? ☐
the steering mechanism tested? ☐
the wheel alignment checked? ☐
the headlights focused? ☐
the exhaust system checked for leaks? ☐
the battery tested? ☐
the taillights checked? ☐
the oil checked; car greased? ☐
the tires and tire pressure checked? ☐
the ignition and fuel systems inspected? ☐

BEWARE OF IMPURE WATER—When you are picnicking, drink only water that is known to be pure or which has been boiled. Sparkling brooks, old-fashioned wells and tempting wayside springs may contain typhoid germs.

NEVER SWIM ALONE—Even though you swim well, avoid rough, unfamiliar or contaminated waters. Refrain from bathing when overheated or immediately after a meal. Do not dive unless you know the water's depth.

THREE HELPFUL BOOKLETS—Prompt application of artificial respiration has revived many persons apparently drowned. The Metropolitan booklet "First Aid" tells how to apply artificial respiration, and how to treat ivy poisoning, stings, sunstroke, snake bites, etc. Two other booklets—"Swimming and Life Saving" and "Calling All Drivers"—will help you plan a trouble-free vacation. A post card will bring you all three . . . or mail the coupon.
METROPOLITAN LIFE INSURANCE CO.
Dept. 7-F-39
CANADIAN HEAD OFFICE, OTTAWA
Please send me, free, the booklets checked:
☐ "First Aid" ☐ "Swimming and Life Saving" ☐ "Calling All Drivers"
NAME
ADDRESS
CITY PROVINCE

FIRST AID
SWIMMING and Life Saving
CALLING ALL DRIVERS

Plan to visit The Metropolitan's Exhibits at The New York World's Fair and The Golden Gate International Exposition in San Francisco
METROPOLITAN LIFE INSURANCE COMPANY
NEW YORK
FREDERICK H. ECKER
Chairman of the Board
LEROY A. LINCOLN
President

CANADIAN HEAD OFFICE—OTTAWA
SERVING CANADA SINCE 1872

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY
SERVICE SAVING SECURITY
Vance C. Smith, Chief Agent
Concourse Building, Toronto

THE MONARCH LIFE ASSURANCE COMPANY
ESTABLISHED 1906
A STRONG PROGRESSIVE COMPANY
OFFICES FROM COAST TO COAST

Position of Chartered Banks of Canada as of May 31, 1939, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation	Deposits by and Bal. Due to Dominion Government	Deposits by and Bal. Due to Provincial Governments	Advances from Bank of Canada	Demand Deposits in Canada	Savings Deposits in Canada▲	Deposits Elsewhere	Bal. due to other banks in Canada	Due to Banks in U.K.	Due to Banks Elsewhere	Bills Payable	Letters of Credit outstanding	Other Liabilities	Dividends Declared and unpaid	Reserve Fund	Capital Paid Up	Total Liabilities
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	20,621,249	38,493,621	8,249,780	....	190,705,213	449,440,226	79,016,388	2,844,865	3,687,868	8,163,817	24,594	7,747,234	3,053,349	728,966	39,000,000	36,000,000	887,777,177
Nova Scotia	8,062,856	11,551,368	456,750	....	43,259,912	153,040,260	56,277,830	2,886,929	714,327	1,807,433	17,532	5,206,435	42,404	362,716	24,000,000	12,000,000	319,686,760
Toronto	3,612,334	8,131,169	692,192	....	33,518,105	84,344,497	2,366,539	1,956,773	743,871	1,896,445	....	1,745,390	....	150,238	9,000,000	6,000,000	154,157,555
Provinciale	2,685,350	382,148	2,386,643	....	6,695,608	39,829,395	198,254	....	....	2,353,160	....	95,962	3,512	63,361	1,000,000	4,000,000	59,693,398
Commerce	15,764,988	14,419,916	12,202,871	....	143,433,734	327,559,430	60,327,679	1,688,328	2,821,850	9,826,251	2,723	13,283,671	....	24,579	20,000,000	30,000,000	660,356,026
Royal	24,759,892	28,068,118	11,275,053	....	171,934,901	338,056,539	265,786,692	282,023	2,167,674	13,526,262	38,656	17,714,665	49,450	714,892	20,000,000	35,000,000	929,374,822
Dominion	4,951,131	3,681,541	606,481	....	31,835,709	76,919,139	5,017,361	2,742,697	202,765	583,472	....	3,213,041	302,632	2,636	7,000,000	7,000,000	144,058,613
Nationale	4,462,269	2,155,292	711,479	....	23,865,231	105,043,474	1,127,063	1,157,045	57,285	584,994	1,877	786,159	80,897	143,522	5,000,000	7,000,000	152,176,594
Imperial	5,053,083	6,962,274	10,882,566	....	35,617,670	94,349,859	339,238	1,172,754	716,556	1,759,494	....	1,540,002	....	3,231	8,000,000	7,000,000	173,396,732
Barclay's (Canada)	322,425	179,265	34,469	....	3,415,557	9,780,742	4,936,770	212,309	2,996,925	2,335,643	....	922,900	....	....	750,000	1,500,000	27,387,009
Total	90,295,577	114,024,712	47,498,284	....	684,281,640	1,678,363,561	484,393,814	14,943,723	14,109,121	42,836,971	85,382	52,255,459	3,532,244	2,194,141	133,750,000	145,500,000	3,508,064,686

SUPPLEMENTARY INFORMATION

NAME OF BANK	Capital Authorized	Capital Subscribed	Last Dividend	*Loans to Directors and firms of which they are partners	Average Notes and deposits with Bank of Can.	Greatest amount of Notes in Cir.
	$	$	%	$	$	$
Montreal	50,000,000	36,000,000	8	473,216	76,630,768	21,864,372
Nova Scotia	15,000,000	12,000,000	12	2,870,309	23,942,000	8,721,623
Toronto	10,000,000	6,000,000	10	663,546	14,501,215	3,842,519
Provinciale	5,000,000	4,000,000	6	153,377	3,591,261	2,951,113
Commerce	50,000,000	30,000,000	8	2,004,881	49,474,077	16,648,522
Royal	50,000,000	35,000,000	8	1,425,718	52,886,720	26,154,015
Dominion	10,000,000	7,000,000	10	178,627	14,412,706	5,079,986
Nationale	10,000,000	7,000,000	8	410,121	10,905,913	4,792,574
Imperial	10,000,000	7,000,000	10	554,914	13,250,511	5,217,498
Barclay's (Canada)	1,500,000	1,500,000	....	11,195	1,171,187	351,730
Total	211,500,000	145,500,000	....	8,745,904	260,766,358	95,623,701

▲Of this amount, $90,838,127 represents deposits in Canada in currencies other than Canadian, carried under demand and savings deposits in Canada prior to Aug. 1, 1935. *And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada	Gold and Subsidiary Coin Held Elsewhere	Notes of Bank of Canada	Deposits with Bank of Canada	Notes of Other Banks	Govt. and Bank Notes other than Canada	Cheques on other banks	Balances due from other banks in Canada	Due by banks in U.K.	Due by banks elsewhere	Govt. sec. short term	Govt. sec. long term	Canadian municipal securities	Public sec. other than Can
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	1,374,002	133,190	15,807,204	63,781,207	1,627,490	570,869	28,111,751	....	2,895,872	46,008,125	162,948,823	207,566,609	23,996,076	24,076,584
Nova Scotia	394,201	1,721,443	4,233,374	16,974,978	396,905	6,704,816	9,993,318	....	5,083,056	18,087,083	27,988,866	73,052,776	12,592,747	442,288
Toronto	243,143	....	2,371,615	10,597,883	213,885	73,279	7,493,558	....	400,925	9,690,058	8,392,094	52,712,626	6,917,611	....
Provinciale	244,919	....	1,270,038	1,875,140	228,930	57,353	1,956,663	2,267	9,544	254,486	8,401,837	6,201,145	13,696,987	....
Commerce†	957,847	394,951	8,685,480	43,448,689	778,951	1,261,414	16,532,146	64	3,418,688	26,367,482	76,216,804	137,570,025	8,954,439	29,881,557
Royal‡	1,484,561	3,616,279	10,922,515	43,066,315	1,382,667	22,859,253	25,774,799	5,630	13,059,808	80,677,982	118,066,765	165,749,522	9,930,506	22,835,416
Dominion	300,651	609	2,543,747	10,385,009	472,645	144,074	5,349,898	....	1,052,801	2,998,666	11,755,832	37,134,089	3,934,836	....
Nationale§	606,321	510	3,857,279	5,178,970	302,460	66,316	3,752,124	615,905	51,953	1,536,299	6,449,632	25,251,397	18,261,094	264,371
Imperial	417,854	....	4,865,083	9,008,877	368,340	90,471	5,685,684	631,406	766,192	3,750,890	18,882,619	40,704,208	5,741,474	....
Barclay's (Can.)	3,434	....	104,866	1,038,373	5,580	16,201	459,931	2,280,284	2,643,691	4,846,718	4,964,375	7,845,115	9,154	....
Total	6,026,933	5,866,982	54,661,201	205,355,441	5,777,853	31,844,046	105,100,872	3,535,556	29,382,530	194,817,739	444,067,647	753,787,512	104,035,824	77,500,216

NAME OF BANK	Other bonds and stocks	Call and short loans in Canada	Call loans elsewhere	Current loans Canada	Current loans elsewhere	Loans to provincial governments	Loans to municipalities	Non-Current loans	Real estate other than Bank premises	Mortgage on real estate	Bank Premises	Deposit for note circulation	Other assets	Total assets▲
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal*	31,094,523	4,173,209	16,969,827	171,878,326	13,582,760	2,009,259	42,828,464	1,663,271	546,305	544,743	13,255,769	1,202,033	1,937,296	888,930,836
Nova Scotia	11,845,460	5,430,890	2,184,360	84,468,842	15,249,427	1,300,341	7,123,918	513,008	....	91,146	6,465,049	496,433	2,727,108	320,768,233
Toronto	4,634,425	1,863,682	....	40,235,806	....	....	4,905,197	187,606	....	27,725	3,414,592	219,684	....	156,340,798
Provinciale	2,223,729	4,110,712	....	13,397,885	....	178,052	2,480,309	71,493	567,111	344,810	2,068,804	160,050	101,920	60,000,158
Commerce†	30,208,730	12,580,714	18,976,222	160,641,094	17,160,258	7,699,667	20,410,406	2,976,220	2,495,443	1,428,830	14,688,713	1,067,000	4,346,376	662,431,898
Royal‡	34,519,074	13,249,165	8,836,815	194,810,919	94,615,554	1,590,937	21,942,443	2,715,236	2,452,634	776,051	14,735,701	1,475,000	4,223,802	933,080,129
Dominion	2,950,410	3,392,983	2,700,400	49,027,136	503,358	....	516,762	256,836	72,528	57,484	5,639,062	307,500	201,944	144,912,316
Nationale§	7,534,053	4,969,355	10,000	49,564,373	19,811	2,864,030	12,417,384	245,545	1,552,760	574,741	5,577,180	254,378	278,763	152,844,074
Imperial	58,685	4,886,297	....	56,202,942	....	6,195,584	7,348,093	329,094	186,006	359,448	5,947,263	293,780	100,478	174,360,781
Barclay's (Can.)	....	463,856	....	1,317,927	....	....	....	9,066	....	....	450,000	18,211	....	27,398,000
Total	125,069,089	55,120,863	49,677,624	821,545,250	141,131,168	21,837,870	119,972,976	8,967,375	7,872,787	4,204,978	72,242,133	5,494,064	13,917,787	3,521,078,908

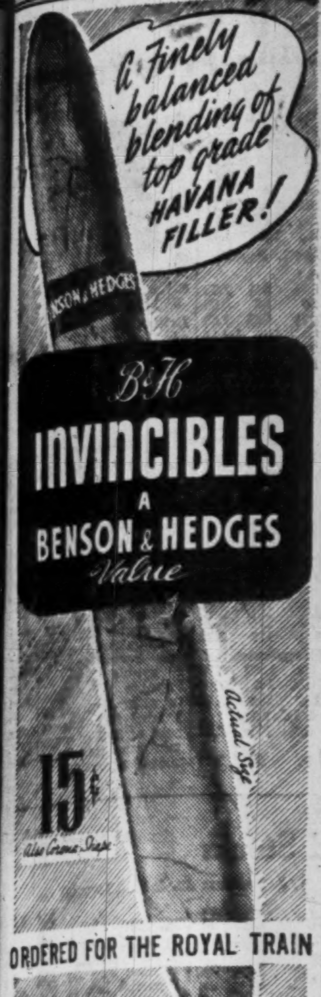
*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above Return.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

‡The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the bank in Paris, and the assets and liabilities of the Royal Bank of Canada (France) are included in the above general statement.—Footnote to Royal Bank return.

§The assets and liabilities of the Banque Canadienne Nationale (France) same being considered a branch operating as a subsidiaryy of the Banque Canadienne Nationale, are included in above return.—Footnote to Banque Canadienne Nationale return.

▲Total assets include $52,255,459 letters of credit outstanding shown under liabilities.



More Pulp and Paper Carried by Railways

From Our Own Correspondent

MONTREAL.—Pulp and paper shipments handled by Canadian railways continue to show a moderate increase over last year's returns. During the week ended June 24, 1,689 cars of revenue freight were loaded, an increase of 267 over the same week in 1938.

For the current year to date the railways have handled 47,898 cars of pulp and paper products, as against 43,956 cars in the like period of 1938.

Envelopes

for every purpose

Barber-Ellis of Canada, Limited

TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

RUBBER PRODUCTS
TRANSMISSION BELTING
THAT HAVE
ELEVATOR BELTING
PROVEN
AIR DRILL HOSE
THEMSELVES
CONVEYOR BELTING
IN ACTUAL USE
SUCTION AND DISCHARGE HOSE
OF QUALITY.
THE STAMP
GUTTA PERCHA
BELTING-HOSE
RUBBER PRODUCTS
The Stamp of Quality
GUTTA PERCHA & RUBBER, LIMITED
Branches Across Canada
HALIFAX · ST. JOHN · QUEBEC · MONTREAL · OTTAWA · TORONTO · LONDON · WINNIPEG · REGINA · SASKATOON · CALGARY · EDMONTON · VANCOUVER · VICTORIA

Pulp and Paper Industry

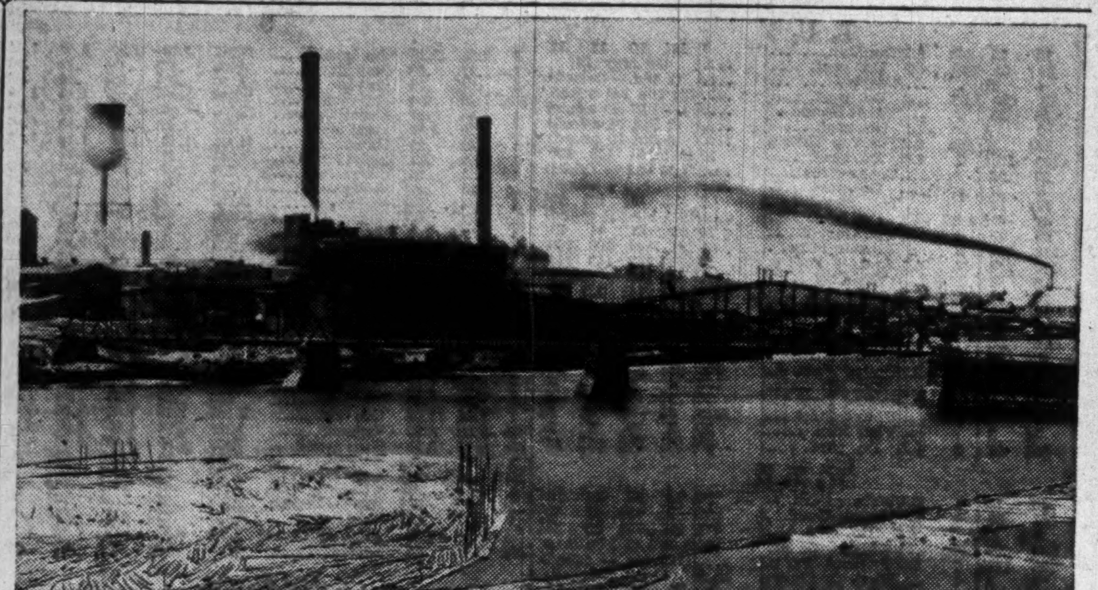
Regulating Newsprint Production – 1

The Case for Pro-rating From the Standpoint of the Provinces

Official attempts to regulate Canada's newsprint production in keeping with the prospective demand have aroused widespread interest and criticism. Paper companies, paper buyers and the general public are all vitally concerned. In an exclusive series of articles R. W. Finlayson will discuss the major factors behind this prorating problem for readers of The Financial Post.

Mr. Finlayson has had the necessary theoretical training and practical experience to discuss this important subject. After graduation from the University of Toronto in 1933, he worked at various times for the Abitibi Power and Paper Co., the Great Lakes Paper Co. and Robert Gair Co. Further articles by Mr. Finlayson will discuss the case of the prorating members of the industry; the position of the publisher-owned and non-co-operating mills, and the likely effect of the scheme on the value for newsprint securities.

By R. W. FINLAYSON



Bathurst Power and Paper Company's mill at Bathurst, N.B.

Proration is an obscure and awkward word, but it designates the method adopted to regulate Canada's most important manufacturing industry. The pros and cons of newsprint proration should be common knowledge not only to the thousands directly concerned, the laborers and their dependents, the suppliers of the industry, the newsprint security holders, but also to every citizen of this Dominion. For each one of us has an interest in the proper utilization of one of our most important resources. However, it is probably true that no Canadian problem of such magnitude has been so camouflaged with backstage pussy-footing tactics.

Quebec and Ontario

In examining this subject, it is natural that we start with the position of the provinces most concerned, Quebec and Ontario, for they contain over three quarters of the country's newsprint capacity. The governing officers of these provinces, from the days of the Ferguson and Taschereau conservations to those of Hepburn and Duplessis, have been increasingly forced to worry about newsprint. However, it was only comparatively recently made public that the two governments had for over two years been enforcing a policy of prorating tonnage. Under this scheme all manufacturers, with the exception of the publisher owned mills, were forced to share their business so that each one operated at approximately the same percentage of capacity. Though this policy has emerged slowly the various provincial officials have taken pains to stress that they have never interfered with the price fixing structure.

For some years International Paper Co., the largest unit in the industry, have been the first to announce the price. It would be safe to say that although International's price has generally prevailed, many of the changes, both up and down, have not been approved by all the members of the industry or by the Governments most concerned. Although the provincial leaders do not set prices it is natural that they should desire an equitable price to prevail. And it must be also added that an indirect effect of the prorationing policy has been to strengthen the newsprint price structure; for without government control the battle for contracts would at once begin anew, and price adjustments would be the bait used to procure additional orders.

Employment Spread

The provincial authorities have insisted at various times that one of the strongest arguments used in favor of the proration scheme has been the securing of an equitable spread of employment. This has certainly taken place and the thousands of workers who have benefitted should be the first to publicize the fact. It would be hard to convince, say, a worker in Abitibi's Thunder Bay mill that he should be content with idleness instead of as at present three days a week work, so that his fellow laborers at, say, Abitibi's Iroquois Falls could have full employment and so enable the company to reduce newsprint costs. The economic reasoning is true, but it ignores the social implications. Without proration the workers in smaller mills would have to go on relief and the loss of morale and mechanical skill which would result would not compensate for the financial gain obtained by the company, let alone the provincial responsibilities which could not be evaded and would increase. The sad examples of Sturgeon Falls and Port Alfred will always remain a thorn in the sides of the authorities. Surely a loosening of regulations would only bring more chaos, confusion and suffering.

Livable Standard

It is not generally known to what an extent the wage rates in the mills and in the bush have increased following stricter provincial laws and the rehabilitation of the industry in the last few years. The bush workers have probably added 25% in six years, and now are on a livable standard, though the length of their employment leaves much to be desired. More thought and planning should increase their working period to at least eight months a year. Hourly wage rates paid general mill labor have advanced about 40% since 1934, while the price of newsprint paper has only increased 25%. Certainly labor has reaped the benefits which followed the elimination of bankrupt newsprint prices and increased control.

Probably there is no allied subject which the general public agrees upon so wholeheartedly as that of conservation of forest resources. Yet the argument is not carried to its conclusion because just those people who are enthusiastic about conservation are not desirous of government control. And it costs money to cut and log properly, to install methods of draining forest land, to destroy fire hazards and to adopt reforestation. But you cannot compel a bankrupt industry to go to this added expense, especially when newsprint sold as low as $40 a ton. It is common knowledge that proper forestry methods were not enforced some years ago, though there has been a gradual improvement in the last few years. Certainly once more the only answer seems to be increased control, especially if it will bring some degrees of prosperity to the industry. It might be suggested that any increase in prices be directly used to ensure better conservation methods. At all costs, our industry must be put on a self-sustaining basis, with utilization balancing natural growth and emphasis placed on elimination of waste, especially that caused by fire. The pathetic results of the lack of forest conservation are well shown in many of the destitute northern United States areas and our export of unprocessed timber to that country should hasten the day when some of our forest lands will be denuded as many of theirs.

Need More Study

An intensive study should be made of our forest resources, especially to study the regeneration of species following cutting of the original timber. It has been suggested by the authorities that the natural tendency is for less valuable trees such as birch and poplar to follow cutting of pine or spruce. This can only cause a gradual elimination of the more valuable species. Conservation, however, is necessary not only for the continuation of the newsprint industry, but also for attracting tourist traffic, for the preservation of wild life and for the protection of water-sheds. Here again provincial regulation seems imperative.

As over three quarters of all the wood which is used for newsprint purposes comes from public lands, the governments really act as trustees for the public in negotiating the sale and supervising the cutting of this timber. So also it is their duty to properly minimize risks and to eliminate fires. This all costs money and the governments are recompensed by collecting various dues. Regulations are here necessary and the welfare of the all-important newsprint industry lies at the bottom of the whole problem. Without proration and a fair price the desired results cannot be achieved and were not obtained in former days.

Government Responsibility

It must not be forgotten that the governments have some responsibility to the long suffering newsprint-security holder. For capital should not be encouraged to invest in the province unless there seems to be a fair chance for an adequate return to be made. There is probably over $400,000,000 invested in the Canadian newsprint industry, and most of this amount was spent in Ontario and Quebec. Practically nothing has been paid to the common or preferred shareholders of these companies for the last decade, and in most cases the bondholders have had little or no return on their investments. Naturally these two provinces want to eliminate all destructive competition which might tend to prevent the stabilization of the industry.

Other Lines Regulated

From a more theoretical standpoint it is hard to see what the proration opponents find so sacred about newsprint control that differentiates it from regulation of other commodities, such as cotton, wheat, tin, copper or petroleum. Granted that in a perfect world all regulations would be abolished, still we do not live in such an Utopian paradise and the trend to regulation seems to be growing. It is believed that the world "proration" was borrowed from the oil industry who openly and legally set and enforce production quotas. That industry's reason for prorationing has been reported as "conservation, which is defined as the efficient development and prudent use of natural resources without waste or needless destruction." Could a better description be given of the purpose of newsprint proration? In the United States, regulation of petroleum production is commonly practised, for without this control production would exceed consumption and prices would fall. Low prices would prevent the desired end, conservation. Canadian crude oil consumers have as strong a case against oil proration as the United States publishers have against the newsprint policy. Yes, regulation seems to be not only common practice, but, as can be seen from the points set out above, the peculiar thing is not that the governments have gradually taken control, but that they were not forced into the position years ago.

On the other hand, it would be foolish to assume that the adoption of this policy has brought only benefits; naturally, other problems have arisen to take the place of those overcome. An examination of these new situations and the case for the prorating and non-prorating members of the industry, will be provided in the following articles.

M.&O. Hearing Date Now Set

Bondholders Plan to Submit Reorganization Suggestions to Trustees

Action on a reorganization plan for Minnesota & Ontario Paper Co. appears to be coming closer. U. S. courts have authorized changes in the procedure to be followed in filing plans of reorganization and plans may now be filed first with the trustees rather than with the court. Creditors and stockholders may, on or before Aug. 1, 1939, submit suggestions to the trustees.

The bondholders' protective committee plan to file a plan by the date prescribed by the court, according to notice sent to depositors.

The court has also authorized the trustees to prepare and file by Oct. 16, 1939, either a plan of reorganization or a report outlining why a plan cannot be effected. The bondholders' committee anticipate that the trustees will file a plan incorporating the suggestions made. Nov. 6, 1939, has been set as the date for court hearing on any plan or report.

The bondholders' committee has adopted a resolution extending for 12 months from Oct. 7, 1939, and if necessary for an additional 12 months, the period provided in the protective agreement for notice to be given by the committee regarding filing, preparation or agreement on any plan. Depositing bondholders not agreeing to this amendment may register their opposition within 15 days from June 28 and, if the amendment is declared operative, withdraw their bonds on payment of proportionate share of expenses and liabilities.

Trustees Oppose Sale

The trustees who are operating the properties have reported in favor of continuing to operate the company as a unit. They hold that it is not desirable at present to sell either principal properties of the company or its subsidiaries.

If European companies and National Pole & Treating Co. are eliminated, a consolidated balance sheet of the remaining units indicates, it is said, sufficient working capital to carry on operations before and after reorganization, providing the reorganized company keeps fixed charges at a minimum. This is also assuming continuation of present volume and prices.

European properties are said to be self-sustaining, but lacking in working capital. In spite of recent annual losses National Pole & Treating Co. has what is said by the trustees to be adequate working capital. The Insulite unit is not obtaining business to make capacity plant operations required but improvement is thought possible. For the newsprint division, present volume is reassuring but prices inadequate.

Overseas Sale Newsprint Off

Empire Market Holds But Other Countries Buy Less

From Our Own Correspondent

MONTREAL.—Sales of Canadian newsprint in markets other than Canada and the United States show a falling off of about 32,000 tons for the first four months of 1939 compared with the like period in 1938.

Details of the returns as compiled by the Dominion Bureau of Statistics show that for the first four months of this year 115,334 tons were shipped, as against 147,266 tons a year ago.

There were no shipments this year to British India and Burma, Chile, Uruguay and Japan. As previously reported the South American market, which once was an important outlet for Canadian newsprint, has been practically lost. For the last four months only 48 tons were shipped to the Argentina, as against 9,968 tons up to the end of April, 1938.

More encouraging are the returns from the United Kingdom and Australia which are practically on a par with last year's sales.

Canadian Newsprint Exports
(Four Months Ended April)

	1939	1938
United Kingdom	41,929	43,394
Eire (Irish Free State)	1,827	6,912
Australia	46,896	56,478
New Zealand	9,958	11,957
British India & Burma	....	883
British South Africa	8,212	7,403
British West Indies	255	404
Other West Indies	226	456
Argentina	48	9,968
Chile	....	671
Uruguay	....	671
Venezuela	324	433
Other South America	79	69
Central America	103	426
Cuba	3,010	2,623
Japan	....	1,769
China	32	54
East Indies	686	440
Philippines	524	953
All others	1,225	1,302
TOTAL OVERSEAS	115,334	147,266
U. S. A.	610,730	552,434
TOTAL EXPORTS	726,064	699,700

U. S. Cellulose Acetate Output Rises Sharply

From Our Own Correspondent

MONTREAL — Cellulose acetate production in United States for the first five months of 1939 is running well ahead of the like period of last year.

Up to the end of May, production in the form of sheets, rods and tubes amounted to 3,961,349 lb., as against 1,357,457 lb. for the like period a year ago.

In addition, cellulose acetate in the form of molding composition was produced to an amount of 4,077,565 lb. for the first five months of this year compared with 2,303,763 lb. for the corresponding period of 1938.

Standard Paper's Head Elected to C. M. A. Office

From Our Own Correspondent

MONTREAL.—C. N. Moisan, president of Standard Paper Box Ltd., has been elected chairman of the Montreal branch of the Canadian Manufacturers' Association.

PRICE BROS. DIRECTOR

MONTREAL. — W. A. Arbuckle, Montreal, was added to the board of directors at the annual meeting of the company's shareholders. This follows an increase in the size of the board, subject to the approval of the provincial secretary, from 10 to 11.

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COMPANY LIMITED

GROUNDWOOD and SULPHITE
PULP • NEWSPRINT and
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HIGH-GRADE NEWSPRINT
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SULPHITE PULP

A modern mill affording an annual capacity of 110,000 tons newsprint, also excess sulphite mill capacity sufficient to provide 15,000 tons annually of unbleached sulphite pulp for export.

PAPER MILL AT
FORT WILLIAM, ONTARIO
TORONTO OFFICE
55 YORK STREET

Spruce Falls Power

Spruce Falls Power & Paper Co. had total sales of $7.5 millions in 1938, according to information filed with the Securities & Exchange Commission at Washington. Of the 1938 sales $4.2 millions went to the New York Times and $1.4 million to Kimberly-Clark Corp., the parent company. The remaining $1.9 million went to miscellaneous customers.

Sales for the previous 8-month period totalled $5.6 millions and for the year ended April 30, 1937, $6.6 millions.

Net income for 1938 was $1.4 million, after all charges, against $731,318 for the preceding eight months. Current liabilities were $26,553 in excess of current assets at the end of 1938. Last previous balance sheet released by the company showed net working capital of $184,692 as at April 30, 1937.

In 1937 the company arranged a private refunding of its $8 millions of 5½% first mortgage bonds and this had been reduced to $5.5 millions by the end of last year.

Spruce Falls Power & Paper Co. is a wholly-owned subsidiary of Kimberly-Clark Corp. and the New York Times Co. It operates a newsprint and pulp mill at Kapuskasing, Ont.

VICE-PRES. OF EDDY

John F. Taylor, who has just been appointed a vice-president by The E. B. Eddy Co., is retiring from his position as secretary and sales manager but remains a director. Mr. Taylor first started with the late Ezra Butler Eddy in 1881 when the company was still a personal proprietorship. He has had a part in the growth of the company from its early lumber and sawmill business, through the establishment of one of the earliest sulphite pulp mills in Canada to the present emphasis on paper and tissue manufacture.

Mr. Taylor started with Eddy's as an office boy at the age of nine and received successive promotions, being made sales manager more than 30 years ago and a director in 1915.

A Home that Savings Built

Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build; and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.

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Marine Engineers
Dredging Contractors

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J. Ed. SIMARD
E. de G. POWER
Col. H. S. TOBIN
P. A. LAVALLEE
A. LUDGER SIMARD

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Executive Offices: Marine Building, 1405 Peel Street
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Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que.
Pine Falls, Man.
Sault Ste. Marie, Ont.
Iroquois Falls, Ont.
Smooth Rock Falls, Ont.
Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp
News Sulphite Pulp
High Grade Bleached Sulphite Pulp

7 REASONS WHY
DOMINION BATTLESHIP LINOLEUM
floors..... are better!
LOW COST
BEAUTY
PERMANENCE
QUIET
SMALL UPKEEP
EASILY INSTALLED
5 YEAR GUARANTEE
LOW COST: The first cost of a Dominion Battleship Linoleum floor tells the *whole* story. When considered in terms of years of wear, it is really insignificant.

BEAUTY: There are no less than 11 colours and effects for your Custom-built floor of Dominion Battleship Linoleum, with widest scope for original design.

PERMANENCE: With Dominion Battleship Linoleum, your floors are covered permanently and will carry heavy traffic for years.

QUIET: Dominion Battleship Linoleum ends the noisy clatter of boot-heels. It is resilient underfoot; sound-absorbing; shock-absorbing; a pleasure to walk on.

SMALL UPKEEP: Dominion Battleship Linoleum cuts janitor costs; it takes far less time and effort to keep clean. An occasional waxing is the only other care required.

EASILY INSTALLED: Any competent Flooring Contractor makes a quick, efficient job of installing a custom-built Dominion Battleship Linoleum floor with a minimum of inconvenience to you.

5 YEAR GUARANTEE: When every detail of our simple specifications is carried out, Dominion Battleship Linoleum (AAA & AA gauges) is covered by our 5-year Guarantee. This is *real* protection!

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ASK THE MAN who knows!

As one top-ranking merchant says: "Dominion Battleship Linoleum pleases customers and cuts cleaning costs. It's the kind of investment that doesn't depreciate."

Consult your Architect or House Furnisher. Write us for copy of booklet on "The Care of Linoleum".

DOMINION OILCLOTH & LINOLEUM CO. LIMITED, MONTREAL

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

The Week's Quotations

WEEK ENDING JULY 3

Range 1939 High	Low	Div Rate $	Jly 1 Y'ld %	Company	Sales	Last June 26	Week end. July 3 H	L	Cl'se
				A					
2.87	.50	.	...	Abitibi	3152	.55	.60	.50	.55
21½	3½	.	...	Do. pref. 6%	1010	3⅞	4	3⅜	3½
21	4½	.	...	Do. pref. 7%	....	(4½ bid 6 asked)			
4	3½	30c	7.5	Acadia Sugar	....	(4 bid 4½ asked)			
5⅞	5⅞	30c	5.2	Do. pref.	....	(4⅞ bid — asked)			
5	3	.	...	Acme Glove	....	(3 bid — asked)			
*82	60	.	...	Do. pref.	....	(— bid 60 asked)			
10	9½	60+20c	8.6	Agnew Surp.	10	9½	9⅜	9⅜	9⅜
110	104	7	6.4	Do. pref.	....	(104 bid — asked)			
2.50	1.50	.	...	Alta. Pac. Gr.	10	1.50	1.50	1.50	1.50
24	13	.	...	Do. pref.	10	20	18½	18½	18½
14½	6⅞	.	...	Algoma Steel	670	10½	10	10	10
70	51	.	...	Do. pref.	....	(66 bid — asked)			
140	112	25c+10%		Aluminum	215	127	126	120	120
112	111½	6	5.4	Do. pref.	25	112	111½	111½	111½
2½	1	.	...	Amal. Electric	....	(— bid 1½ asked)			
30	29	.	...	Do. pref.	....	(— bid 29 asked)			
22½	22½	60c	2.7	Amer. Cyn. B.	....	(22½ Jan. 26)			
50	47	2.75	5.8	Ang. Can. Tel. p	100	47	48	48	48
28½	19	60+15c	3.4	Asbestos	1533	23	23	21	22
16⅞	14½	80+45c	7.5	Assoc. Brew.	466	16¼	16⅞	15⅞	16¼
115	109⅜	7	6.2	Do. pref.	10	110	113	113	113
*6½	6½	.	...	Assoc. T. & T.A.	....	(— bid — asked)			
31	29	84c	...	Do. pref.	5	29	29	29	29
102	101½	5.50	5.4	Ault & Wiborg.	....	(101⅞ bid — asked)			
				B					
168	162	8	4.8	Bk. Can. Nat.	87	167	166	165	165
223	203	8	3.7	Bk. Montreal	198	215	216	211	211
310	300	12	4	Bk. N. Scotia	168	302	302	300	301
255	239	10	3.9	Bk. Toronto	122	250½	255	251	251
5	4½	.	...	Barcelona	....	(3 bid — asked)			
7½	4	.	...	Barker's Bread.	185	7⅞	7½	6	6
37	20	2.50	7.2	Do. pref.	45	36	35	34½	35
8⅞	5	25c	...	Bathurst Pr.	500	6	6	5⅞	5⅞
3½	⅞	.	...	Do. (B)	200	1½	1⅞	⅞	1⅞
1.50	.50	.	...	Bawlf Grain	....	(.75 bid — asked)			
17	15	.	...	Do. pref.	....	(15 bid — asked)			
3.00	1.50	.	...	Beath & Sons.	....	1.50 bid 2.37 asked			
8½	4⅞	.	...	Beatty Bros. A.	25	5	4⅞	4⅞	4⅞
105	99½	6	5.9	Do. pref.	....	(102 bid 105 asked)			
97	97	7	7.8	Do. 2nd pref.	....	(— bid 95 asked)			
5½	2	.	...	Beauharnois	1442	4⅞	4⅞	3½	4
95	90	4	4.4	Belding Cort.	....	(— bid 95 asked)			
141	131	7	5.1	Do. pref.	15	140	137	137	137
178	165	8	4.5	Bell Telephone.	962	174½	176	173	175⅞
8	6	62½c	..	Biltmore Hats	20	7½	8	8	8
4	3½	.	...	Blue Ribbon	....	(3½ bid 4 asked)			
32½	25	2.50	8.3	Do. pref.	10	30	30	30	30
24½	18	1.30	7.2	Brant. Cord. pf.	40	18	19	19	19
12⅞	7½	.	...	Brazilian Tr.	8938	9	9½	7⅞	8
5⅞	3½	50+25c	..	Brew. & Distil.	295	4½	4⅞	4½	4½
6⅞	6½	30c	4.8	Bright, T. G.	....	(4½ bid 11 asked)			
80	80	6	7.5	Do. pref.	....	(75½ bid 90 asked)			

…

Range 1939 High	Low	Div Rate $	Jly 1 Y'ld %	Company	Sales	Last June 26	Week end. July 3 H	L	Cl'se
12½	9⅞	80c	7.6	Weston Ltd.	711	11½	11⅞	10½	10½
95	85	5	5.4	Do. pref.	65	93½	93	90	90
2.25	1.25	.	...	Winnipeg El. A.	520	1.75	1.65	1.60	1.60
2.00	1.05	.	...	Do. (B)	158	1.65	1.65	1.60	1.60
11	7	.	...	Do. pref.	140	9½	9	7⅞	8
67	63	7	...	Wood, A. & J. p	....	(— bid 66 asked)			
25	17½	.	...	Woods Mfg., pf.	....	(— bid 25 asked)			
4	4	.	...	York Knitting	....	(4 bid 5 asked)			
100	100	7	7	Do. 1st pref.	....	(100 Jan. 4)			
9	7	.	...	Zellers	935	8	8	7	8
25	22	1.50	6.2	Do. pref.	105	24½	24	23½	24

Quotations: ° 1938. * 1937.
▲ On account of arrears. b New York quotations.
‡ Plus extra of $2 payable Feb. 1, 1939.
• Initial. † Interim.

Mining Stocks

Week Ending July 3

Par Val.	Range 1939 High	Low	Company	Sales	Close June 26 (or last)	High for week	Low for week	Close July 3
			A					
1	.04	.01½	Afton	5,500	.02	.02	.02	.02
No	.52	.25	Aldermac	8,750	.30	.31	.25	.26
1	.01½	.00½	Alexandria	500	.00½	.00½	.00½	.00½
1	.17	.08½	Amm. Gold	12,000	.10	.09⅞	.08½	.09⅞
No	3.25	2.25	Anglo-Huronian	5,522	2.40	2.40	2.30	2.35
No	.02½	.01	Arno	......	(.02 bid .02½ asked)			
1	.17½	.09½	Arntfield	3,900	.11	.10	.10	.10
1	.10½	.05	Ashley	2,600	.06½	.06½	.05½	.05½
1	.06½	.01	Astoria Quebec	8,825	.03½	.04	.03½	.03½
1	2.75	1.75	Aunor Gold	90,451	2.68	2.72	2.35	2.43
			B					
1	.23	.07	Bagamac	9,850	.08	.09	.08	.08
1	.38	.17	Bankfield	2,400	.21½	.22	.20	.20
1	.30	.10	Base Metals	2,700	.15	.14	.13	.13
1	.32	.11	Bear Exploration	13,600	.15	.14½	.12½	.12½
No	1.40	1.00	Beattie Gold	3,750	1.27	1.26	1.15	1.20
1	.14	.07½	Beaufor	4,200	.08½	.08½	.07½	.07½
1	.30	.15½	Bidgood Kirk.	17,900	.17	.18	.15½	.17
1	.35	.09½	Big Missouri	5,410	.12	.11	.09½	.10
1	.22	.08½	Bobjo	14,000	.09½	.09½	.08½	.08½
1	.12	.04½	Bouscadillac G.M.	1,000	.05	.04½	.04½	.04½
No	12.25	9.55	Bralorne	2,139	12.12	12.25	11.12	11.50
1	.08	.04	Brazil Gold	......	(.04 bid .06 asked)			
1	.03½	.01½	Brett Trethewey	......	(.01 bid .01½ asked)			
1	.75	.28	Broulan Porc.	54,005	.42	.45	.40	.41
1	15.50	10.50	Buffalo Ankerite	475	11.75	12.00	11.75	11.75
No	.05	.02½	Buffalo Can.	1,700	.03	.02½	.02½	.02½
5	28.00	23.00	Bulolo Gold	327	23.63	24.00	23.00	24.00
No	.11½	.05	Bunker Hill	4,000	.08½	.08	.06	.07
			C					
No	1.03	.69	Can. Malartic	6,750	.80	.80	.74	.74
1	.03½	.01½	Capital Rouyn	......	(.01½ bid .02½ asked)			
1	2.40	2.01	Cariboo Gold	250	2.09	2.05	2.01	2.02
1	.06	.02	Cartier Malartic	100	.02	.02	.02	.02
1	1.05	.65	Castle Trethewey	2,800	.81	.81	.80	.80
1	.25	.15	Cen. Cadillac	3,200	.23	.20	.17	.17
1	2.75	2.05	Cen. Patricia	4,706	2.40	2.45	2.25	2.40
1	.14½	.05	Cen. Porcupine	16,100	.10½	.10½	.09	.09
1	.25	.15	Century Mining	......	(.... bid .19½ asked)			
1	1.39	.85	Chesterville	16,600	1.12	1.12	1.00	1.03
No	.88	.50	Chromium	3,225	.60	.60	.53	.53
5	2.50	1.50	Coast Copper	100	1.60	1.55	1.55	1.55

…

Winnipeg Stocks

(Transactions from June 26 to June 30)

	Sales	High for period	Low for period	Close June 30
Central Manitoba	500	.03	.03	.03
Dom. Envelope	5	2.00	2.00	2.00
Do., pref.	12	96.00	95.50	95.50
Flin Flon Gold	9,500	.01¾	.01½	.01½
Franco Oils	900	.44	.42	.44
Gurney Gold	7,100	.05	.05	.05
Malartic Goldfields	100	.69½	.69½	.69½
Ore Grande	500	.03	.03	.03
Packsack	2,000	.06	.05	.05
Rice Lake	10,000	.00¾	.00¾	.00¾
Western Steel	5	6.50	6.50	6.50
Wingold	7,000	.04	.04	.04

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	..	100
Beaver Lum., c.	2⅝	...
Beaver Lum., p.	90	100
Can. Indemnity	125	..
Cres. Cream., pf.	8	10
Fed. Grain, com.	..	1.50
Fed. Grain, pfd.	..	30
Home Invest	12	15
North. Trusts	6	..
N. Can. Mtge., pf.	2½	..
Nor. Mtg. part pd.	1½	2
Traders Bldg.	53	..
United Grain	5	6
West. Brew.	1⅜	1⅝

* Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 4	14,800	18,500	199,000	32,245
July 3	12,700	22,200	148,000	34,904
July 1	Holiday			
June 30	16,700	53,800	280,000	32,240
June 29	26,100	34,000	424,000	51,955
June 28	16,200	49,400	370,000	85,190

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

July 4, 1939

Dominion of Canada Bonds

%	Due		Bid	Ask.	Approx. Yld.
2	Nov.	'39	100¼	...	...
2½	Oct.	'39	100⅛	...	...
4	Oct.	'39	100⅞	...	...
1½	June	'40	100	100¼	.97
4½	Sept.	'40	100⅝	103⅜	1.25
1	Mar.	'41	99⅝	99⅞	1.05
5	Nov.	'41	100¼	107⅞	1.75
1½	May	'42	99½	100	1.50
2	June	'42	100⅛	101¼	1.50
3	Oct.	'42	104	104½	1.60
2½	June	'43	102⅞	103¼	1.65
5	Oct.	'43	111⅞	112½	2.05
2	June	'44	101	101¼	1.68
a2½	Jan.	'44	103	104	b1.11
4½	Oct.	'44	111¼	112	2.11
2½	Nov.	'44	102⅞	103¼	1.89
a2½	Aug.	'45	104¼	105	b1.26
4	Oct.	'45	107⅞	108½	b2.00
4½	Feb.	'46	112⅞	113½	2.34
3½	June	'49	104½	104⅞	b2.52
3½	Oct.	'49	104⅞	105	b2.48
3½	Nov.	'51	103¼	103⅞	b2.81
a5	May	'52	110½	111¼	b.95
4	Oct.	'52	108¼	108⅞	b2.80
3	June	'55	100	100½	b2.95
4½	Nov.	'56	110⅞	111¼	b2.79
4½	Nov.	'57	111	111½	b2.93
3	June	'58	99½	100	3.00
4½	Nov.	'58	111⅞	112⅞	b2.97
4½	Nov.	'59	113	113½	b2.96
a4	Oct.	'60	109¼	110	b2.97
a3½	Jan.	'61	104½	105	b2.87
3½	June	'66	101⅞	102¼	b3.09
a3e	Jan.	'67	100⅞	101⅜	2.91
a3e	Nov.	'68	101¼	102	2.90
a3	Perpet'l.		93⅜	94¼	3.18
Dominion Guaranteed Bonds					
Can. Nat. Railways:					
2	Feb.	'43	100¼	101¼	1.65
2½	Jan.	'46	99¼	100¼	2.20
3	May	'44	104	105	1.91
3	Dec.	'50	100	101	b2.83
3	Feb.	'53	99⅞	100⅞	b2.90

%	Due		Bid	Ask.	Approx. Yld.
3	Jan.	'59	98½	99½	3.03
*4½	Sept.	'51	115	116	2.96
*4½	Feb.	'56	116	117	3.20
c4½	July	'57	116	117	3.25
*4½	June	'55	118	119	3.22
5	Feb.	'54	119	120	3.30
*5	July	'69	115⅞	116⅞	b2.37
*5	Oct.	'69	119½	120½	b3.10
*5	Feb.	'70	119½	120½	b3.10
Provincial Gov't. Bonds					
New Brunswick:					
3	Oct.	'51	93½	94½	3.55
3½	Aug.	'49	96	97	3.60
3½	June	'56	97½	98½	3.62
c4	Nov.	'47	104	105	b3.14
c4½	Apr.	'61	107½	109	3.88
c5	Jan.	'60	113½	115	3.93
Nova Scotia:					
3	Jan.	'52	97	98	3.20
3½	June	'56	99	100½	3.21
3½	Nov.	'50	101½	102½	3.23
c4½	Sept.	'52	109½	111	b2.98
c4½	Nov.	'60	111½	113	3.62
c5	Mar.	'60	118½	119½	3.66
Ontario:					
2½	May	'45	101¼	102¼	2.09
3	Apr.	'48	100	101	b2.83
3	Nov.	'50	99⅞	100⅞	b2.90
3½	Nov.	'51	101⅞	102⅞	b2.95
*4	June	'62	109½	111	3.31
4½	June	'50	112	113	3.10
*4½	Jan.	'62	115	116½	3.44
5	Oct.	'48	113⅞	114⅞	3.15
*5	Dec.	'60	122	124	3.42
5½	July	'46	114	115	3.10
Ont. Hydro Commission:					
3	Aug.	'48	99⅞	100⅞	b2.88
3½	Feb.	'53	101¼	102¼	b3.01
3½	Apr.	'47	103	104	2.92
Prince Edward Island:					
3	Oct.	'45	99½	101	2.82
Quebec:					
3	Nov.	'47	97	98	3.27

%	Due		Bid	Ask.	Approx. Yld.
3	Nov.	'51	96		
3½	Mar.	'48	96		
3½	June	'52	97		
4	Mar.	'52	103		
4½	Aug.	'58	108½		
4½	Jan.	'63	109		
Alberta:					
4	Dec.	'54	59½		
4½	Oct.	'51	63		
c4½	Oct.	'56	61⅞		
5*	Oct.	'59	64½		
c5½	Apr.	'52	65⅞		
6	Mar.	'47	68		
British Columbia:					
c4	Dec.	'37	98	101	
*4½	Jan.	'51	102	106	
c4½	Oct.	'53	101½		
c5	Apr.	'54	103⅞		
5½	Feb.	'45	103½		
6	Feb.	'47	105½		
Manitoba:					
c4	Dec.	'37	85½		
c4½	Dec.	'56	89½		
*5	Dec.	'59	94	98	
5½	Oct.	'55	95½		
6	Apr.	'47	97½		
Saskatchewan:					
4	Nov.	'60	66½		
c4½	Oct.	'51	77½		
c4½	Mar.	'60	72		
5	Aug.	'58	76	80	
5½	Oct.	'52	77½		
6	Mar.	'52	82		

*Payable Can., N.Y., & L. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. Payable N.Y. †Callable on or after Sept. 15, 1966. e-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium.

Unlisted Stocks

July 4, 1939

(Furnished by A J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm., p.	13½	14
Andian National	32½	33½
Anglo C. Tel., A	8⅞	9
Barrymore, pfd.	21	..
B. C. Pulp, c.	5	6
Do., pfd.	18	25
B. C. Sugar	80½	82½
Burns & Co., A	2⅞	3½
Do., B	1	1½
Canada Tea, pf.	22	25
Can. Co.-op. W'l.	7½	..
Can. G'drich, c.	1½	..
C. I. L., A c.	204	..
Can. Ing. Rand	123	126
Can. Tube, 1st p.	48	..
Chase, A. W., p.	26	27
Claude Neon, p.	7½	8
Cons. Sales B., p.	..	80
Cope, Flour Unit	6⅞	7½
Dom. Wool's., p.	⅞	1
Dunlop Tire, p.	22½	23½
Easy Washing, p.	..	8½
Fed. Grain, pfd.	20	22
Do., com.	⅞	1
Goderich Elev.	6½	6⅞
Guard. Realty, p.	16	18
Guelph Carp., p.	101	102½
Do., com.	10	11
Hayes Steel, c.	10½	..
Do., pfd.	9½	10
Hi'land Dairy, p.	73½	..
Do., com.	2½	..
Kingston Sh. Un.	11	12
Loblaw Inc., c.	10	10½
Morrison Br., pf.	3	4
M'row Screw, p.	96½	100
Neilson, Wm., c.	9	..
Do., pfd.	100	..
N. B. Tel., c.	11	12
N. Meth. Ldy., p.	40	43
Office Spe. M., p.	70	..

	Bid	Ask.
Ont. Tob., pfd.	19½	22
Paterson Wm., p.	101	104
Prov. Paper, pfd.	101½	102½
Reliance Gr., pf.	32	34
Robertson, pfd.	87	..
Rob. Cons. Cone	8⅞	9½
Ruddy, E. L., p.	29	31
Seal O Sac (Can)	4½	5
Stand. Fuel, c.	2	2½
Do., pref.	47	..
Stedman Br., pf.	57	58½
Tor. Carpet, c.	18	22
Do., pfd.	54	56
Un. F. Co-op.	2⅞	2⅞
Un. Steel, A pf.	20	21
Viceroy Mfg., pfd. & rts.	23	24
West. Grain, pf.	3½	4
West. Steel, c.	6	7
Weston Hold.	6	..
Trusts & Loan Stocks:		
Brit. Mtge.	152	154
Com. Fin., c.	2⅞	3
Guaranty Tr.	96	..
Guelph & O., $50	52	54½
Lambton Loan	32	35
London & West.	40	44
Sherbrooke Tr.	120	..
Sterling Trust	51½	60
Traders Fi., B c.	12	13½
Do., A pfd.	77½	79
Trusts & Guar.	27	28
Waterloo Trust	99	..
Insurance Stocks:		
Canada Life	484	490
Confed., 30% pd.	153½	156½
Crown L., ful. p.	261	..
Dominion Fire	135	..
D. of Can. Gen.	120	130
Empire, 25% pd.	8	9

	Bid	Ask.
Excelsior Life	62	65
Federal, 25% pd.	50	
Great-West Life	245	255
Halifax Fire	22½	23½
Imperial Life	300	320
Manufac. Life	245	250
Monarch 10% pd.	22½	24
Sov. L., 25% pd.	11½	13
Sun Life	385	400
Tor. General	57	61
Western Assce.	49½	51
Theatre Stocks:		
Allens, Kingston, pfd.	63½	66
Do., London, p.	53	60
Do., St. Catharines, p.	54½	57
Do., Tor., p. c.	34½	37
Loew's, Lond., p.	3½	38
Mansf. Theat., p.	31	35
Midland Prop., p.	4½	..
Para., Kitchener, p.	53½	..
Do., Oshawa, c.	11½	13
Investment Trust Shares:		
Can. Invest. Fd.	3⅜	4
Can. Investors	6½	7
Deb. & Sec., pf.	65	..
Inv. Found. Unit	55	57
Sec's. Hold., pf.	18	..
United Corp., A	22	23½
Do., B	6	7½
Power Issues:		
Can. W. N. Gas	27	..
Do., pfd.	99½	101½
Int. Util., 1.75 p.	18	19
Do., 3.50 pfd.	36½	38½
Gt. Lakes Pr., p.	101	103
Mtl. Is. Pwr., p.	20½	..
Nor. Ont. Pr., p	97	98½

Unlisted Mines

Toronto, July 4, 1939

	Bid	Ask
Addingtn	.04½	.04⅞
Albany	.15	.17
Amorada	.01½	.02½
Anoki	.09	.10½
Arjon	.02½	.03½
Armistice	.01⅞	.02½
Argosy	.03½	.04
Arno	.02	.02⅞
Athona	.04	.04⅞
Area	.08	.08½
Barb Lar	.03½	.04½
Beresford	.13	.15
Big Mastr	.02⅞	.03½
Bilmac	.03	.04
Calder Bo	.03½	.04½
Camlaren	.02⅞	.03½
Capital R	.01½	.02
Carinor	.13	.16
Central M	.03½	.03⅞
Cheminis	.04½	.05
Coin Lk	.03⅞	.04½
Crescent	.03⅞	.04
Crowsh	.08½	.10
Cocheno'	.42	.44
Cont Kir	.09	.11
Dawson	.01½	.02
Dayton	.05⅞	.07
Delnite	.85	.90
Desants n	.22	.24
Dona Pat	.21	.23
Donwood	.17½	.20
Devon	.07	.09½
Dumico	.04½	.05½
Dunlop n	.01½	.02
E Lacoma	.01⅞	.02½

	Bid	Ask
E Rouyn	..	.15
Elmos	.20	.21
Flavrian	.01½	.02½
Faulken'	.01½	.02½
Fontana	..	.05
Frontier	.04	.05
Galore	.06	.07
Gate Pat	.01⅞	.02½
Goldside	.01	.01½
Golden G	.13	.15
Gordon L	.01½	.02
Gorham	..	.03
Hallnor	8.00	8.30
Hiawa'a	1.25	1.30
Hislop	.02	.03
Hoyle n	.36	.38
Hugh PP	.06	.07
Hutch Lk	.04½	.05
Jason	.30	.32
Jodello	.05	.07
Keora	.04½	.05
Kaw Cro	.02	.02½
Kenricia	.23	.26
Kewagam	.03½	.04½
Kiena	.17	.19
Kir Vit	.01	.01½
Kirk Gateway (new)	.02½	.02⅞
Kir Hunt	.01½	.02½
Kelrowe	.29	.31
Lacoma	.01⅞	.02½
Lake Duf	.42	.44
Lake Gen	.08	.11
Lk Rose	.00⅞	.01⅞
Lardego	.03	.03½

	Bid	Ask
Low Pete	.35	.40
Lucky K	.01	.01½
Magnet L	.11	.13
Magnet C	.53	.56
Martin Br	.06½	.07
Martin M	.02	.04
Mata Can	.03½	.04½
Melba	.05½	.06
Mof Hal n	.02½	.03½
McGregor	..	.03
McVit K	.01½	.01⅞
Monarch	.01½	.01⅞
Mosher	.12	.14
Mooshla	.07	.08½
Mylamaq	.03	.04½
Nickel O	.70	.80
Norlake	.01	.01⅞
Nat'l Mal	.15	.18
Norbeau	.45	.55
Negus	.60	.65
New Aug	.23	.25
Oklend	.07½	.09
O'Leary	.02½	.02⅞
Opemisk	.08	.09
Oriole	.01⅞	.02½
Orpit	.06	.07
Ossian	.01⅞	.02½
Pascalis	.32	.37
Payore	.01½	.01⅞
Porc Lke	.07½	.08½
Planet	.02⅞	.03
Pontiac	.09	.10½
Pelangio	.02	.03
Polaris	.40	.43
Private'r	1.25	1.30

	Bid	Ask
Propri'y	1.75	1.80
Presdor	.03	.03½
Que Man	.08½	.10
Que Vik	.01½	.02
Rand Ml	.18	.20
Red LGS	.01½	.02½
Rhyolite	.03	.04
Rose Gld	.05½	.06½
Rouyn Re	.01½	.02
Sachigo	7.25	8.00
Senator	.40½	.42
Shenango	.12½	.13½
Sheldon	.05	.06
Siscoe Ex	.02	.02⅞
Skynner	.06½	.08
Smelter	.03½	.03½
Spooner	.06½	.07½
Sun Bear	.01	.01½
Sunbeam	.10	.13
Surf Inlet	.19	.22
Springer	.10	.11
Thomp L	.18	.20
Tonawa'a	.01½	.02
Union Mn	.04⅞	.05½
Up Cana	.65½	.67
Walker P	.02⅞	.03½
Wesley	.05	.06
Wells LL	.13	.14
Westside	.00⅞	.01½
Westw'd	.03½	.04
Wh Horse	.01	.01½
Winoga cum rts.	.05	.05½
Woco	.25	.27
Y David'n	.25½	.27

Montreal, July 4, 1939

	Bid	Ask
Abbeyv'e	.05	.07
Amity	.01	.02
Brown B	.01	.02
Chibmac	.02	.03
Demp'y	.01	.02
LL Lag'n	.03	.05
L Rowan	.09	.10
Leroy	..	.01
Louvre	.01½	.02½
Obalski	.07	.08
Pan Can	.05½	.06
Routh'r C	..	.03
Tiblem't I	.01½	.02
Valdor M	..	1.00
Warren'c	..	.05

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 4, 1939

Public Utility Issues:	Int. Rate %	Due	Bid July 4	Asked	Bid June 27
†Assoc. Tel. & T.	5½	'55	78½	81½	80
Beauharnois P.	5	'73	99½	102½	99
B. C. Power	4½	'60	101	104	101
B. C. Tel.	4½	'61	107½	110½	107½
†Calgary Pwr	5	'60	...	...	104
Do.	5	'64	...	...	103½
†Can. Nor. Pwr.	5	'53	102½	105½	103
*Dom. Gas & El.	6½	'45	96½	99½	98
Gatineau Pwr.	5	'49	102½	105½	102½
Do., B	3⅞	'69	99	102	99
Gt. Lakes Pwr	4½	'56	100½	103½	100½
*Int. Hydro-E.	6	'44	83½	86½	84½
▲Inter. Power	6	'55	101	104	101
Macl'n-Que. Pr.	4	'59	97	100	97
Mtl. L. H. & P.	3½	'56	103½	106½	103½
Do.	3½	'73	102½	105½	102½
†Mtl. Tramways	5	'41	98	101	98½
†Do.	5	'55	69	72	69
Nat. Lt. & Pwr.	6	'49	98	101	98
N. S. Lt. & Pr.	4	'57	102	105	102
Ottawa H. & P.	4	'57	103½	106½	103½
Ottawa V. Pwr.	5	'59	103½	106½	103½
†Power Corp.	4½	'59	103	106	104
Quebec Pwr.	4	'62	103½	106½	103½
*Saguenay P. A.	4½	'66	106	109	106
Do., B	4½	'66	106	109	105½
Shaw. W. & Pr.	4	'61	103½	106½	103½
Union Gas	4½	'50	103	106	103½
†Wpg. El. Ser. A	4	'65	71	74	71½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	43	46	43½
Acadia Sugar	4½	'55	102	105	102
†Alta. Pa. Grain	6	'46	88½	91½	88½
Atlantic Sugar	4	'51	101½	104½	101½
B. A. Oil	4	'45	103	106	103
†B. C. P. & Pap.	6	'50	48	...	46
*Brown Co.	5½	'46	33	36	32
Burns & Co.	5	'58	38	42	41½
Canada Bread	6	'41	105½	108½	105
Canada Cement	4½	'51	104	107	104
Can. Paper	4½	'52	100½	...	100½
Can. Steamship	5	'57	84	87	84½
Candn. Canners	4	'51	103	106	103
*Can. Int. Paper	6	'49	91	94	92
C. P. R.	3½	'51	81½	84½	81½
Do.	4	'49	86	89	86
Do.	4½	'44	91½	94½	92
Do.	6	'42	101	104	101
†Consol. Paper	5½	'61	33½	36½	36
Dom. Coal	4½	'52	103	106	103
▲Dom. Stl. & C.	6½	'55	105	108	105½
Dom. Tar	4½	'51	102	105	102
†Donnacona P.	4½	'56	66½	69½	67½
Famous Players	4½	'51	102½	105½	103
†Federal Grain	6	'49	89	...	89
†Fraser Cos.	6	'50	90	93	90
Gen. Stl. Wares	4½	'52	98½	101½	99
*Great Lakes P.	5	'55	80	83	81
†Gypsum, Lime	5½	'48	99	102	100
Ham. By-Pr. C.	5	'55	102	105	102
Inter-City Bak.	5½	'48	103	106	103½
*Int. P.&P. Nfld.	4½	'68	102	105	102
Lake St. John P. & P.	5½	'61	70	74	71
†Maple Leaf M.	3	'58	54	58	56½
Massey-Harris	4½	'54	93½	96½	93½
McColl-Fron.	4½	'49	102½	105½	103
McCormick's	4	'52	90½	93½	90
*M. & O. Paper	6	'45	24	27	25½
Nat. Grocers	4	'47	101	...	101
N. S. Stl. & Co.	3½	'63	81	84	81
Pres. E. Dome	6	'43	101½	104½	101½
Price Bros.	5	'57	89	92	90
*Prov. Paper	5½	'47	102	105	102
Reliance Grain	4½	'52	85	88	85
Rolland Paper	4½	'51	102½	105½	102½
Simpsons Ltd.	4½	'51	99	102	101
Smith, Howard	4½	'51	103½	106½	103½
†Steel of Can.	6	'40	105	108	105
Uchi Gold M.	6	'41	95	98	94½
*United Gas	5½	'48	...	...	103½
United Gr. Grs.	5	'48	95	98	93
†Western Grain	6	'49	34	37	34

*Payable in Can. or U.S.
†Payable in Can., U.S. or U.K.
▲Payable in Can. or U.K.
*Payable in U.S. only.

Mining Dividends

	Rate	Close July 3	Yield %
Beattie Gold	15c	1.20	12.5
Bralorne	80c+30c	11.50	*9.5
Buffalo Ankerite	$1	11.75	8.5
Bulolo Gold	$3	24.00	12.5
Can. Malartic	9c	.74	12.2
Cariboo Gold	16c+4½c	2.02	*10.1
Central Patricia	16c+4c	2.40	*8.3
Coniagas	25c	1.70	..
Coniaurum	15c	1.55	..
Cons. Smelters	$1+$1	38.00	*5.3
Dome Mines	$2	32.50	6.2
Falconbridge	30c	5.00	..
Goldale	†2c	.17	..
Gunnar Gold	6c	.44	13.6
Hedley Mascot	12c+4c	.79	*20.2
Hollinger	65c+45c	14.87	*7.4
Howey Gold	3c	.31¼	..
Hudson Bay	$1.50	30.75	4.9
Inter. Mining	40c	7.00	5.7
Int. Nickel, com.	$2	46.00	4.3
Island Mountain	10c	1.04	9.6
Jack Waite	†1½	.17	..
Kerr Lake	5c	.45	11.1
Kirkland Lake	8c+2c	1.43	*7
Kootenay Belle	16c+4c	.70	..
Laguna	†5c	.09	..
Lamaque Gold	30c+15c	6.85	*6.5
Lake Shore	$4	38.25	10.4
Lava Cap M.	11c	.72	..
Leitch	4c	.77	..
Little Long Lac	30c	2.70	11.1
Macassa	20c+5c	4.30	*5.8
McGillivray Coal	3c	.21	..
McKenzie Red Lake	12c	1.22	9.8
Moneta	9c	1.00	..
McIntyre Porc.	$2	55.00	3.6
Noranda	$4	76.50	5.2
Nipissing	15c	1.28	..
North Empire	80c	9.00	8.8
O'Brien Gold	†10c	2.40	..
Pamour Poc.	8c	2.60	..
Pato Cons.	10c	2.30	..
Paymaster	1c	.38½	..
Perron Gold	16c	1.72	9.3
Pioneer, B.C.	40c	2.40	16.6
Pickle Crow	40c	4.50	8.9
Placer Develop.	$1.20	12.75	9.4
Premier	12c	1.75	6.8
Privateer Mine	10c	1.26	..
Quebec Gold	†2c	.43	..
San Antonio	14c	1.64	8.5
Sheep Creek	12c+3c	1.15	*13
Silbak Prem.	12c	1.30	9.2
Siscoe	12c	1.13	10.6
Sudbury Basin	10c	2.00	5
Sullivan Cons.	5c	.75	..
Sylvanite Gold	20c+5c	3.35	*7.5
Teck-Hughes	40c+5c	4.15	*10.8
Toburn	8c+6c	1.75	*8
Ventures	37½c	4.65	8
Wright-Harg.	40c+30c	8.00	*8.7

*Yield including bonus. †Initial.

Municipal Bonds

July 4, 1939

†Halifax	5	1961	111.00	112.00	4.18
Hamilton	5	1950	111.10	112.60	3.90
Montreal	5	1945	99.75	100.50	4.90
Ottawa	4½	1945	107.25	108.75	2.90
†Quebec	5	1959	107.00	108.00	4.40
Saint John	5	1950	108.00	109.00	4.00
†Toronto	4½	1955	111.80	113.80	3.35
†Vancouver	5	1950	97.00	101.00	4.87
Winnipeg	5	1944	100.00	103.00	4.29

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.81	3.15
Can. Amer. Trust	3.13	3.45
Can. Inv. Fund	3.65	4.00
All Can. Trustee	11.65	12.30
Trans-Canada	11.40	12.25
Grouped Income	...	3.88
Can. Int. Tr., modified	4.75	3.30
Do., unmodified	4.25	3.00

Dividends Declared

	This payment	Date payable	Date of record
Acadia Sugar, p.	7½	July 1	June 17
Beatty Bros. 1st pf.	$1.50	Aug. 1	July 15
Beattie Gold	5c	Aug. 15	July 31
Biltmore Hats	25c	July 15	June 30
B. C. Tele., 2nd pf.	$1.50	Aug. 1	July 17
B. C. Elec. Rly., pf.	2½%	July 15	July 3
Buff. Ankerite	25c	Aug. 15	Aug. 1
Brant. Cordage, pf.	32½c	July 15	June 20
Bralorne	20c	July 15	June 30
Do., extra	10c	July 15	June 30
Bell Telephone	$2	July 15	June 23
B. C. Power, A	30c	July 15	June 30
Can. Breweries, pf.	50c	July 15	July 7
Can. Int. Tr. Shs., orig.	.131429	July 1	Coup. 18
Do., mbd.	.131255	July 1	Coup. 18
Can. Indust., A. B	$1.50	July 31	June 30
Do., pref.	$1.75	July 15	June 30
Cosmos Imp., pf.	$1.25	July 15	June 30
Commonwealth P.	•2c	July 15	June 30
Can. Nor. Pwr.	30c	July 25	June 30
Do., pref.	$1.75	July 15	June 30
Can. W'lpaper, A. B	50c	July 11	July 4
Com. Alcohols, pfd.	10c	July 15	July 3
Can. Light & Pr	50c	July 15	June 26
Can. Fairbanks, p.	$1.50	July 15	June 30
Can. Gen. Invest.	12½c	July 15	June 30
Can.-Malartic	3c	Aug. 4	July 18
C. Bk. of Commerce	$2	Aug. 1	June 30
Coniaurum M.	5c	Aug. 8	July 24
Canada Bud	20c	July 15	July 5
Can. South. Rly.	$1.50	Aug. 1	June 30
Cons. Smelters	50c	July 20	July 3
Confed. Life	$1.50	June 30	June 24
Crown Trust	$1	June 30	June 29
Coniagas Mines	12½c	Aug. 10	July 29
Crown Life	3%	July 3	June 30
Can. Bronze	37½c	Aug. 1	July 20
Do., pref.	$1.25	Aug. 1	July 20
Dominion Bank	$2.50	Aug. 1	July 20
Dom Tar, pfd.	$1.37½	Aug. 1	July 12
Dome Mines	50c	July 20	June 30
Dom. Textile, pref.	$1.75	July 15	June 30
Dist.-Seagram, pf.	$1.25	Aug. 1	July 15
East. Theatres, pfd.	$3.50	July 31	June 30
Excelsior Life	$1.20	July 3	June 30
Guar. of N. Amer.	$1.50	July 15	June 30
Do., extra	$2.30	July 15	June 30
Guaranty Trust	$2.50	July 15	June 30
Gt. Lakes Pwr., pf.	$1.75	July 15	June 30
Gordon & Belyea, pref.	$1.50	July 3	June 27
Do., 2nd pref.	$1.50	July 3	June 27
Hollinger Cons.	5c	July 15	June 30
Do., extra	5c	July 15	June 30
Inter. Nickel, pf.	$1.75	Aug. 1	July 3
Inter. Metal Ind., p.	$1.50	Aug. 1	July 15
Do., "A" pref.	$1.50	Aug. 1	July 15
Inter. Milling, pf.	$1.25	July 15	July 1
Imperial Bank	$2.50	Aug. 1	June 30
Inter. Bronze	37½c	July 15	June 30
Do., pref.	37½c	July 15	June 30
Invest. Found., pf.	75c	July 15	June 30
Do., arrears	25c	July 15	June 30
Manufacturers Life	$6	July 3	June 26
Maritime Tele.	17½c	July 15	June 20
Do., pref.	17½c	July 15	June 20
Montreal Tele.	68c	July 15	June 30
Mtl. L H & Pr.	38c	July 31	June 30
McColl-Front., pf.	$1.50	July 15	June 30
Model Oils	4c	July 15	June 23
Moneta Porc.	3c	July 15	June 30
Montreal Trams.	$1.50	July 15	July 4
Nat. Biscuit, pfd.	$1.75	Aug. 31	Aug. 15
Nat. Steel Car	50c	July 15	June 30
Nat. Biscuit	40c	July 15	June 13
Nor. Ont. Pwr.	60c	July 25	June 30
Do., pref.	$1.50	July 25	June 30
N. B. Telephone	12½c	July 15	June 30
Para. Pict., com.	†15c	July 15	June 30
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 21
Premier Gold	3c	July 15	June 16
Power Corp., pfd.	$1.50	July 15	June 30
Do., 2nd pref.	75c	July 15	June 30
Do., com.	†30c	July 25	June 30
Premier Trust	$2	June 30	June 19
Rob. Cons. Cone	25c	July 3	June 15
Rolland Pap.	18c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 1	Aug. 31
Smith. H. Pap., pf.	$1.50	July 15	June 30
Sheep C. Gold	3c	July 15	June 30
Do., extra	1c	July 15	June 30
South. C. Pwr.	20c	Aug. 15	July 31
Do., pref.	$1.50	July 15	June 20
Stand. Chemical	50c	July 12	June 12
Saguenay Pwr, p.	$1.37½	Aug. 1	July 14
Simpsons, pfd.	$1.25	Aug. 1	July 19
Steel of Can.	43¾c	Aug. 1	July 7
Do., pref.	43¾c	Aug. 1	July 7
Silbak Prem.	4c	July 25	July 5
Tuckett Tob., pfd.	$1.75	July 15	June 30
Unit. Corp., A	38c	Aug. 15	July 31
Union Gas	20c	Sept. 15	Aug. 19
Walker-G. & W.	$1	Sept. 15	Aug. 25
Do., pref.	25c	Sept. 15	Aug. 25
Weston Geo., pf.	$1.25	Aug. 1	July 15
W'minster Paper	25c	Nov. 1	Oct. 15
West. Grocers	75c	July 15	June 20
Do., pref.	$1.75	July 15	June 20
Zeller's, pref.	37½c	Aug. 1	July 15

‡Initial. †Interim.
•Payable in shares of Command Oils.

DIVIDEND NOTICES

Canadian Tube & Steel Products Limited

A dividend of ONE DOLLAR ($1.00) per share on the 7% Cumulative Preferred Stock of Canadian Tube & Steel Products Limited has been declared payable on the 15th day of July, 1939, to Shareholders of record at the close of business on the 8th day of July, 1939.

P. B. NASH,
Secretary.

Montreal, June 27th, 1939.

Canadian Breweries Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of fifty cents (50c) per share on the Cumulative Sinking Fund Convertible Preference Shares of the Company has been declared payable on the 15th day of July, 1939, to Shareholders of record at the close of business on the 7th day of July, 1939.

By Order of the Board,

W. C. BUTLER,
Secretary.

Toronto, Ontario,
June 28, 1939.

Zeller's Limited

Notice is hereby given that the Directors of Zeller's Limited have declared the regular quarterly Dividend of one and one-half (1½) per cent (37½ cents) on the Preferred Shares payable August 1st, 1939, to Shareholders of Record July 15th, 1939.

By Order of the Board.

T. E. McDermott,
Secretary-Treasurer.

Canadian Bronze Company, Limited

DIVIDEND NOTICE.

THE quarterly Dividend of 1¼% on the PREFERRED STOCK of CANADIAN BRONZE COMPANY LIMITED, has been declared payable the 1st day of August, 1939, to Stockholders of record as of the 20th day of July, 1939.

Also a quarterly Dividend of Thirty-seven and one-half (37½c) Cents per Share has been declared on the present outstanding COMMON STOCK of CANADIAN BRONZE COMPANY, LIMITED for the three months ending July 31st, 1939. Payable the 1st day of August, 1939, to Stockholders of record as of the 20th day of July, 1939.

By Order of the Board,

W. C. PAQUETTE,
Secretary.

Montreal, P.Q.
June 30th, 1939.

A. I. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Cabinet Halts No-Bid Arms Deal

(Continued from page 1)

assembling and installing the special jigs and other equipment. On much if not all of such outlay, even if allowed as a cost, profit apparently would not be allowed.

Narrow Leeway

It was generally objected by potential arms manufacturers as a whole that the 5% limit was far too narrow a leeway to allow for the deductions and contingencies which must inevitably come out of profits on contracts. It was also pointed out that profit allowed on similar contracts in Great Britain and the United States ranged from 10% to 12%.

Quite apart from the narrowness of the limit on profits, the basis of computing the profit is regarded as far too indefinite and unworkable. The discretion left to the Board as to what constituted average capital employed, it was argued, would make it impossible for manufacturers to take arms contracts with any certainty as to just where he stood or how he was going to emerge from the deal.

Difficulties Welcomed

It now appears that all this is fully realized by a majority of the Cabinet, but that, far from being an embarrassment, it is welcomed as a means of discouraging any more selective contracts.

The Cabinet is aware that the maximum is low but this will not deter it from proclaiming the act; nor will opposition from within the Government, which appears to come largely from the civil servants who have most to do with the awarding of such contracts.

Want Competitive Basis

As a matter of fact the Cabinet is not counting on the 5% limitation becoming effective in more than a very limited number of cases. The intention, rather, is to rely upon competitive bids.

The statute was framed in the full glare of the Bren gun commission enquiry. It would be a mistake to think that the information made public by the enquiry, even though it led to no punitive action against anyone, did not make a profound impression upon cabinet ministers.

Opposition Stand a Factor

Moreover, both opposition groups have taken a very firm attitude with respect to war contracts. The Conservative party, under Dr. R. J. Manion, has repeatedly declared that there should be no profit in this kind of work. The C.C.F. ardently supports rearmament by state owned arsenals, and is opposed to war contracts being given to private enterprise.

The attitudes of the opposition parties undoubtedly influenced Hon. Charles A. Dunning, who framed the legislation and under whose department it will be administered.

The next most important consideration was this: The Government is prepared to stand by the competitive system and to defend contracts arrived at in this way. But non-competitive, cost-plus contracts are ruinous politically and are indefensible as a matter of public policy.

Mackenzie's Position

The astonishing performance of Hon. Ian Mackenzie, throughout the whole story of the Bren gun, is one which will not be referred to publicly by ministers, but which assuredly will not be forgotten. It, too, was a decisive influence in the framing of the Defense Purchasing Board Act.

Mr. Mackenzie, in his evidence both to the commission and to the public accounts committee, could not conceal the fact that he was negligent in protecting the public in the Bren contract, admittedly an all-important one. In framing the act, it seems that the overriding intention of the Cabinet was to make it impossible to reproduce the Bren gun contract. The restriction on profit was an effort to prevent further blunders of this type.

Block No-Tender Jobs

In point of fact the Cabinet was well aware, and remains so, that this statute will make non-competitive contracts difficult if not impossible. Indeed, if the latter is the case, the measure would be deemed, from the Government's standpoint, to have been entirely successful.

In the view of ministers, non-competitive contracts are distinctly dangerous and are not to be encouraged. They believe, rightly or wrongly, that there is "a lot of hokum" about the claim that certain jobs can be done only on a non-competitive basis. Occasions when bids cannot be called for, they say, are so rare as to be negligible.

As one minister put it: "We used this act as a man uses an apple corer, to core the cost-plus principle out of armament contracts. If there never is another contract on the non-competitive cost-plus basis, it will be all right with us."

Stand Against Board

Decision to set up the Purchasing Board was reached despite a strong move to block such action to implement Parliament's authority. The objective of those behind this drive was to prevent the business of arms contract-making being taken out of the hands of the National Defense Department.

The argument that was advanced against the Defense Purchasing Board is, broadly, as follows:

> Many war orders which must be filled will have to be awarded to contractors without competition. The nature of these orders is such that details of the articles cannot be made public, nor spread widely among manufacturers.
>
> The British Government is known to be reaching the maximum capacity of home production for arms. It has decided, and this can be taken as official, to award very substantial contracts in Canada. The sum total of contracts now ready to be offered in Canada is authoritatively placed at more than $200 millions.
>
> The National Defense Department is eager to join with the British Government in these proposed contracts. By ordering a small quantity at the same time as the British order a large quantity, the Canadian taxpayer can be saved substantial sums of money.

Two British Orders

At least two substantial armament deals are reported in progress between the British War Office and Canadian manufacturers. In one case the contract is signed and, it is understood, work is proceeding on a $15 millions order. In the second instance, it may be some months before negotiations are completed.

Power Corp. Output Rises 6.56% for May

From Our Own Correspondent

MONTREAL.—Power Corp. of Canada's controlled and affiliated companies reported a power output in May of 211,864,279 kw.h. This contrasts with a total of 198,925,892 kw.h. for May of last year.

To this increase, all of the companies contributed, with the exception of East Kootenay Power, which reported a small decline.

	May 1939 Kw.h.	May 1938 Kw.h.
Southern Canada	24,161,180	21,057,010
Canada Northern	62,585,864	58,795,282
East Kootenay	8,351,248	8,883,328
B. C. Power	45,100,531	42,112,676
Northern B. C.	1,008,856	999,396
Winnipeg Electric	70,656,600	67,078,200
Total kw.h.	211,864,279	198,925,892

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 210

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st July, 1939, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st August next, to shareholders of record at the close of business on the 30th June, 1939. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT,
General Manager.

Toronto, 23rd June, 1939.

The Dominion Bank

Dividend No. 227

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up capital stock of this Institution has been declared for the quarter ending 31st July, 1939, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Tuesday, the 1st day of August, 1939, to shareholders of record of the 20th July, 1939.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 15th June, 1939.

PENMANS LIMITED

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of July, 1939.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of August to Shareholders of record of the 21st day of July, 1939.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of August to Shareholders of record of the 5th day of August, 1939.

By Order of the Board.

C. B. ROBINSON,
Secretary-Treasurer.

Montreal,
June 26, 1939.

Automobile Sales Gain In May

For the first time in some months, sales of automobiles in Canada in May showed an increase over the corresponding month last year. According to reports to Canadian Automotive Trade new passenger car registrations in eastern Canada were 10,398, compared with 10,001 in 1938.

For the year to date sales at 29,031 were 5,668 lower than in 1938.

New Passenger Car Registrations
(In Eastern Canada)
Leading Models

	May 1939	May 1938	Yr. to date 1939	Yr. to date 1938
Chevrolet	2,298	2,198	6,057	7,292
Dodge	1,877	1,700	5,078	5,467
Ford	1,701	2,289	5,265	8,871
Plymouth	1,657	1,583	4,526	5,264
Pontiac	744	771	2,025	2,478
Oldsmobile	533	372	1,468	1,436
McL. Buick	474	547	1,400	1,922
Chrysler	386	407	1,280	1,497
Studebaker	366	134	729	472
Mercury	362	...	1,203	...
	10,398	10,001	29,031	34,699

Exchange May Affect Bolivian Power Co.

From Our Own Correspondent

MONTREAL.—The future of exchange regulations in Bolivia is uncertain, shareholders of International Power Co. were told by R. B. Baxter at the annual meeting here. Bolivian Power Co., which operates in Bolivia, is a subsidiary of International Power Co.

An exchange bank has been organized in Bolivia and it is not known what future regulations will be. Under the previous arrangement, Bolivian Power Co. was paid a total of $500,000 in either sterling or dollars by mining companies with whom the company has contracts in Bolivia. These funds were received from the sale of tin in Liverpool. There is a possibility the company may be treated the same as the mining companies and allowed exchange for expenses, interest and up to 5% for dividends.

Commodity Prices

Commodity prices showed a firmer trend during the week. Rubber, sugar and silk were stronger under steady industrial buying. Cattle and hogs were also higher following improved markets in the United States and the United Kingdom. Copper and hides were unchanged.

	Latest week	Previous week	Same week last yr
Cattle	$7.50	$7.25	$8.00
Hogs	10.15	9.75	12.15
Copper, lb.	.10	.10	.09½
Cotton, lb.	.0975	.0991	.0912
Rubber, lb.	.1643	.1635	.1520
Sugar, raw, lb.	.0290	.0285	.0268
Silk, lb.	2.51	2.44	1.81
Wheat, Man. (bu.)	.60½	.59¼	1.00½
Coffee, lb.	.05⅛	.05¼	.04⅞
Hides	.11	.11	.09¾
Weekly Indices			
Canada (D.B.S.)	73.3	73.1	80.4
Do., Wood, Gundy	53.5	53.5	54.2
U. S. Labor	75.5	75.4	78.2
Dow Jones (future)	49.64	49.55	50.30
Crumps (Brit.)	70.9	71.2	
Fishers'	78.8	78.9	80.9
Monthly Indices			
Canada (D.B.S.):			
Retail (May)	83.1	83.1	84.2
W'sale (May)	73.7	73.4	80.3
U. S. (Apr.)	76.2	76.7	78.7
Gt. Brit. (Mar.)	96.6	96.8	104.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

Week in Wheat

Advance in Wheat Price Subsequently Reversed

Market Eases as International Tension Passes — Bearish Canadian Crop Prospects Partly Offset by Outlook for Short European Crop

From Our Own Correspondent

WINNIPEG.—The wheat market soon reacted from the spurt of strength which developed last week on account of international tension, and reached a basis where No. 1 Northern was worth only fractionally more than 60 cents a bushel. A cent more was quoted for November and December deliveries.

While the prospects for the Canadian crop have daily been getting more brilliant, as the season advances without any serious set-back, dispatches from Europe continue to emphasize the fact that yields there are expected to be decidedly shorter than last year. Anything in the nature of definite estimates is hard to obtain, both because crop reporting has not been so carefully developed in Europe as on this continent, and also because so much depends on the harvest weather.

Bad Weather in Russia

Russian news stresses the unfavorable nature of recent weather, offsetting some claims for improvement recently made, as compared with the poor outlook earlier in the season. Russian news about crops is notoriously unreliable, but Liverpool seems quite convinced that Russia will have no wheat for export in the coming crop year. Possibility of actual shortage to meet home needs is occasionally hinted at, but it is not supposed that import of wheat by Russia is to be envisaged.

* * *

U. S. Crop Estimate

A private estimate of United States wheat production, at 709 million bushels, issued this week was surprisingly low, in view of reports that have been daily coming of improving conditions of the spring wheat crop, and better out-turns of winter wheat than had been expected. Private reports of observers who have traversed the spring wheat areas, say the crop, while looking extremely healthy as the result of recent rains, is hardly as good as it looks. Seeded earlier than the crop of western Canada, the U.S. spring crop appears to have suffered from dry weather in May, to an extent that recent rains have not been able to overcome, so that heads are smaller than appearance of the growing crop would suggest. As is the case in western Canada, grasshopper damage has been much less than was anticipated. Recent rains have kept the hoppers in check.

* * *

Argentine Pressure Eases

Argentine pressure to put wheat afloat has slackened to some extent. Some of the large shipments recently made are understood to be against recent deals between the government grain board of that country and the governments of Germany, Italy and Spain. But one effect was to build up stocks afloat to a fairly high level for this season of the year, a condition which made shipment of large quantities of unsold wheat appear undesirable. It is possible, also, that the Argentine authorities are beginning to be impressed by reports that the new wheat crop there has an unfavorable start, and that they are willing to contemplate carrying some unsold wheat into the new crop year which practically corresponds with the calendar year.

* * *

Trading in New Crop

A fair, if limited, amount of business is being transacted in new crop futures on the Winnipeg market. While speculative interest is still decidedly light, some distant commitments are being made by overseas buyers. The Canadian Wheat Board has, of course, wheat that must be carried over into the new crop year to sell in the distant months. A number of farmers' sales are being made in the futures against expected crops in excess of the 5,000 bushels which can be delivered from individual farms to the Wheat Board at the guaranteed price.

* * *

Fix July Deliveries

Comparatively heavy deliveries, amounting to 3,500,000 bushels of wheat, were made on the July contract Monday. As was the case in May, these were all of Garnet wheat, as the northern grades are commanding premiums over a delivery basis. This situation strengthens belief in the wisdom of the step taken when the delivery spreads on Garnet wheat were widened out, commencing with the November and December futures. It is hoped that this will remove a tendency for futures prices to remain based on Garnet, instead of on northern grades.

GRAIN MERCHANTS
IN CANADA SINCE 1857
RECEIVERS · SHIPPERS · EXPORTERS
Owning and Operating Terminal, Transfer and Country Elevators
Capacity 12,500,000 Bushels
MEMBERS
Winnipeg Grain Exchange
Chicago Board of Trade
New York Produce Exchange
and other Exchanges
Executive Offices, WINNIPEG • Private wires connecting offices across Canada
JAMES RICHARDSON & SONS
LIMITED

FEDERAL GRAIN
LIMITED
OPERATING TERMINAL ELEVATORS - FORT WILLIAM - PORT ARTHUR - VANCOUVER
423 COUNTRY ELEVATORS THROUGHOUT THE WEST
101 COAL SHEDS
Our Service and Facilities Guarantee Satisfaction

Expect Return To Wheat Pool

Position of Mortgages Under Guarantee Not Clear

From Our Own Correspondent

REGINA.—To protect its members, the Saskatchewan wheat pool expects to return to pooling of wheat and coarse grains as the result of the proclamation of various measures concerning the marketing of prairie produce.

The pools and elevator companies have been guaranteed an initial price of 60 cents a bushel for wheat which from the point of view of the farmer will be exclusive of the 5,000 bushels he may sell to the wheat board at 70 cents a bushel.

Under Bill 63, better known as the act to assist in the co-operative marketing of farm products, which was proclaimed at Ottawa on June 23, the Saskatchewan pool hopes to be able to obtain benefits for coarse grains. This measure would guarantee to the farmer, through the pool, a maximum of 80% of the market price on such grains over the last three years.

Mortgage men are reported to be somewhat at sea over their rights under the 70 cents guaranteed price on the first 5,000 bushels sold by a farmer. Where crop share arrangements are effective it would be a simple matter for the farmer to sell his 5,000 bushels at 70 cents and let holders take ten cents a bushel less through pools or on the open market.

Goderich Elev. Prospects Good

Good Crops Expected to Provide Heavy Storage Demand

Prospects for good business in the balance of the year is regarded as encouraging by G. L. Parsons, president of the Goderich Elevator & Transit Co. Realization of current crop prospects, coupled with a larger than usual carryover in North America at this date, would result in full occupancy of Canadian lake-port elevator capacities, he says.

In spite of late opening on navigation, Goderich Elevator has received a larger shipment of domestic milling and feeding grain than obtained in May for several years. Shipments ex-store in May were 71% above the corresponding month a year ago.

Movement of Canadian grain to Montreal by the combination lake and rail route has been eliminated because of foreign competition and the all-water export traffic has been light. Lake carriers have tied up most of their grain vessels after the first trip or two.

Mr. Parsons mentioned the excellent crop prospects in the Canadian west this year which he couples with an indicated generous crop in the United States.

In the year March 31, 1939, with improved volume of grain handled, Goderich elevators earned 53 cents a share on its common stock as compared with 13 cents a share in the preceding year.

Company Reports

Loblaw Groceterias

An increase in sales of over $1 million is reported by Loblaw Groceterias Co. for the year ended May 27, 1939. Net profit on the class A and B stock was equivalent to $1.49 a share, as against $1.42 in the previous fiscal year. Dividends of $1.25 a share were paid on both classes of the stock in both years.

The increase in sales in the 1939 fiscal year was made despite lower average prices on many staple commodities, J. Milton Cork, president, states in the annual report.

The programme of enlargement and improvement of stores, carried out during the past year, will be continued, Mr. Cork declares.

Percentage of net earnings to total sales in 1939 was 6.47, as compared with 6.35 in 1938. The number of stores in operation totalled 113 at the end of the fiscal year, one less than at the same time last year.

Change-over to market type stores is being gradually carried out and units of this description now number 85. Earnings per store in 1939 were $13,232, as against $12,322 in the preceding year.

Loblaw Groceterias Inc. was reorganized during the year, and Loblaw Groceterias Co. now owns 37,944 shares, which is the equivalent of 11% of the total issued capital stock.

Following is a tabulation of important balance sheet changes in the two years.

Balance Sheet Changes

	May 27 1939 $	May 28 1938 $
Cash	1,300,348	1,131,958
Govt. bonds	711,503	588,803
Inventory	1,959,483	1,840,330
Accts. payable	996,573	822,181

Income and Surplus Account
For Years Ended

	May 27 1939 $	May 28 1938 $
Gross sales	23,128,430	22,123,388
Net oper. profit	1,446,681	1,360,670
Add: Interest	48,572	44,030
Net earnings	1,495,253	1,404,700
Less: Inc. tax res.	262,000	230,000
Net profit	1,233,253	1,174,700
Less; Divds., Cl. A	556,320	556,320
Class B	479,125	479,125
Surplus for year	197,808	139,255
Add: Prev. surplus	3,307,558	3,165,129
Pref. bond sale	1,700	1,500
Inc. tax adjust.	......	741
Deprec. adjust.	......	933
Surplus forward	3,507,066	3,307,558
Earnings per Share:		
Class A & B: Earn.	1.49	1.42
Paid: Regular	1.00	1.00
Extra	0.25	0.25
Shares Outstanding:		
Class A, n.p.v.	445,056	445,056
Class B, n.p.v.	383,300	383,300
Working Capital		
Current assets	4,447,641	4,012,544
Current liabilities	1,578,430	1,374,277
Working capital	2,869,211	2,638,267

Dom. Square Corp.

A moderate contraction in earnings is reported by Dominion Square Corp. for the year ended April 30, 1939. Net earnings before depreciation and bond interest amounted to $178,436 as against $193,071 in the previous year. Thus, earnings before depreciation were $102,964 short of first mortgage bond interest requirements.

Liquid position of the company shows improvement. Cash on hand as at April 30 last amounted to $205,960 as against $28,668 in the previous year. Investment in and rental due by Peel-Windsor Garage amounted to $17,868.

The report contains a pro forma balance sheet incorporating the reorganization proposal recently made to bondholders. This shows funded debt at $3,517,500 and capital stock at $703,500.

Approval of the reorganization scheme seems assured. The bondholders' protective committee has on deposit $3,190,000 face value of first mortgage bonds, or 68% of the total bonds outstanding.

Income Account
Years Ended April 30

	1939	1938
Gross income	447,398	430,308
Less: Oper. expenses	144,576	132,820
Taxes	124,386	124,416
Oper. profit	178,436	193,071
Less: 1st mtge. int.	281,400	281,400
Loss for year*	102,964	88,238

*Before depreciation and general mortgage interest.

Beaver Lumber Co.

Beaver Lumber Co., Winnipeg, reports net profit, before income taxes and directors' fees of $187,917 for the year ended April 30, 1939. After allowing for these two items, net profits would have been equivalent to $11.37 a share on the 15,000 shares of 7% cumulative preferred. Full dividends were paid last year but for the period from Oct. 1, 1932, to Sept. 30, 1936, payments were 4% annually, leaving arrears of 12% now outstanding.

Largest items in current assets are accounts and notes receivable of $1.3 million, after reserve of $232,852, and inventories at values not greater than cost of $812,323. Cash on hand is $8,149. The company has a bank loan of $150,000 and has a contingent liability for bank loans of subsidiaries of $344,000.

Shares in subsidiary companies, at not more than net worth valuation, are shown on the balance sheet at $1.5 million. Property and equipment is carried at cost of $1.2 million against which there are depreciation reserves of $689,396. Comparative figures are not available.

Income and Surplus Account
Year Ended April 30, 1939

	$
Income:	
From company oper.	236,086
Divds. from subsids.	43,251
Other dividends	915
Total income	280,252
Less: Depreciation	59,835
Legal fees, exec. sals.	32,500
Net before inc. taxes	187,917
Add: Previous surplus	1,267,568
Less: Inc. tax & adjust.	11,255
Directors' fees*	6,000
Bad debt reserve	100,000
Preferred dividends	105,000
Surplus forward	1,233,220
* For year ended April 30, 1938.	
Shares Outstanding:	
7% preferred, $100 par	15,000
Common, n.p.v.	156,738
Working Capital	
Current assets	2,578,206
Current liabilities	414,599
Working capital	2,163,607

Rogers-Majestic Corp.

Rogers-Majestic Corp. reports a net loss of $164,483 for the year ended March 31, 1939, as compared with a net profit of $139,083 for the previous year. G. Harrison Smith, chairman, states that the radio industry was more seriously affected by the decline in general business of the past year than most lines because of the Tariff Board investigation. This resulted in a period of unsettlement and lower sales volume, partly as a result of general conditions and partly because dealers and the public looked for a price reduction following the investigation.

Electrical apparatus sales are said to have shown a substantial growth during the past year.

Removal of duties on certain radio parts resulted from the investigation mentioned and is a factor in permitting the company to offer radio receiving sets at a lower price than ever before. It is claimed that overhead and operating expenses have been reduced and "it is our hope that the current year will show an operating profit."

Annual and special meetings are to be held on July 14, 1939.

Balance Sheet Changes

	1939 $	1938 $
Cash	11,108	17,241
Accts. rec. after res.	265,124	351,060
Inventories	846,777	1,144,126
Bank loans	94,000	84,000
Accounts payable	143,063	169,572
Contingent liability*	133,291	78,451

* Trade paper under discount.

Cons. Income and Surplus Account
Years Ended March 31

	1939 $	1938 $
Gross prof. from sales & other revenue	821,956	1,348,693
Less: Counsel's fees & salaries of exec.	71,327	89,175
	750,629	1,259,518
Less: Expenses	873,690	986,636
Net income	*123,061	272,882
Less: Depreciation	39,254	105,282
Tax reserve	2,168	28,517
Net profit	*164,483	139,083
Add: Prev. surplus	171,692	15,748
Sundry adjust.	1,617	969
Radio Fin. Corp. deficit	......	38,573
Less: Can. Rad. Pat., w/o	......	15,000
Res. for unrealized profits	......	7,681
Inventory adjust.	184,194	......
Income tax adjust.	969	......
Balance forward	*176,337	171,692
* Deficit		
Earnings per Share:		
Com., Cl. "A" & "B": Earned	d$0.77	$0.65
None paid.		
Shares Outstanding:		
Class A, n.p.v.	200,000	200,000
Class B, n.p.v.	15,000	15,000
Working Capital	$	$
Current assets	1,123,009	1,512,427
Current liabilities	269,065	312,614
Working capital	853,944	1,199,813

Can. Wirebound Boxes

Earnings of Canadian Wirebound Boxes suffered some decline in the year ended April 30, 1939, net profit being $106,683 against $159,538. Regular dividends of $1.50 a share were paid on the class A shares, leaving arrears unchanged at $2.25 a share.

Working capital decrease during the year is more than accounted for by advances to other companies. During the past year, the company's Montreal subsidiary purchased the building formerly occupied by its plans. This necessitated advances of $149,288 from the parent company.

Balance Sheet Changes

	1939 $	1938 $
Cash	74,285	65,134
Call loan	90,000	......
Accounts receivable	121,802	171,132
Inventories	171,138	239,617
Bank advances	114,062	......
Accts. & bills payable	60,339	108,323
Invests. & advances	162,337	24,584

Income and Surplus Account
Years Ended April 30

	1939 $	1938 $
Net earnings	172,173	232,414
Less: Depreciation	54,810	52,144
Income taxes	10,680	20,732
Net profit	106,683	159,538
Less: Spec. surp. acct.	10,413	15,970
Class A divid.	77,826	130,441
Surplus for year	18,444	13,127
Add: Previous surplus	158,625	145,334
Less: Loss on mach'y	1,707	*164
Additional taxes	844	......
Earned surplus fwd.	174,518	158,625
*Profit.		
Earned per Share:		
Class A: Earned†	......	2.77
Paid	1.50	1.50 + 1.00
Class B: Earned†	$0.46	$0.37
† Without allowing for participating provisions.		
Shares Outstanding:		
Class A, n.p.v.	51,364	51,884
Class B, n.p.v.	40,000	40,000
Working Capital		
Current assets	467,225	475,883
Current liabilities	220,325	149,113
Working capital	246,900	326,770

Twin City

Twin City Rapid Transit Co. is making progress in improving its earning and operating position. For the first five months of 1939 net operating revenue was up 6.64% over the corresponding period of 1938. Gross operating revenues gained 1.47% and a small reduction in operating expenses has permitted the better showing in net.

A feature of operating expenses is a jump of 21.72% in motor bus expenses. This is due to the company's policy of substituting buses for street cars wherever possible.

The company has reduced its funded debt to the end of May this year by a total of $463,900. This leaves $15,827,100 of the series A, 5½%, 1952 debentures and $583,900 of the series B debentures. Altogether Twin City holds $2.1 millions of its own funded debt in its treasury.

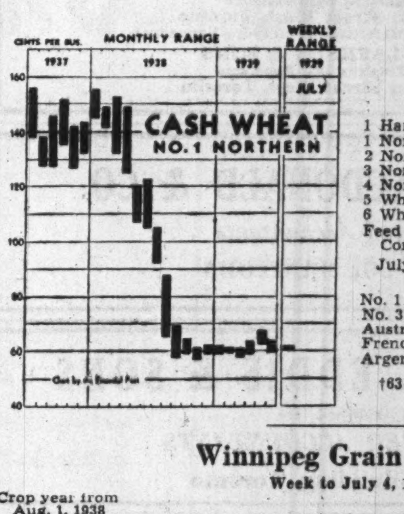
Comparative Income Statement
Five Months Ended May 31

	1939 $	1938 $
Operating revenue	3,709,009	3,655,418
Less: Operating exps.	2,752,402	2,758,344
Taxes assign. to oper.	396,128	435,935
Operating income	560,479	461,139
Add: Non-oper. inc.	6,341	8,931
Gross income	566,820	470,070
Less: Misc. rents	1,667	1,667
Debt interest	379,522	388,089
Amort. debt disc.	26,530	27,080
Misc. debits	5,328	4,973
Net income	153,774	48,261

Working Capital

	May 31 1939 $	Dec. 31 1938 $
Current assets	1,799,055	2,547,123
Current liabilities	246,121	155,109
Working capital	1,552,934	2,392,014

Wheat Prices



(Cash Quotations)
For Week

	July 4 High	July 4 Low	Prev. Week High	Prev. Week Low
1 Hard	.62⅜	.60½	.60⅝	.59¾
1 Northern	.61⅞	.60	.60⅜	.59¼
2 Northern	.57⅞	.56	.56⅜	.55⅛
3 Northern	.53⅛	.51¼	.52⅛	.50½
4 Northern	.51⅜	.49½	.50⅛	.48¾
5 Wheat	.45⅜	.43⅞	.43⅝	.42¾
6 Wheat	.41⅜	.39½	.39⅝	.38⅛
Feed Wheat	.40⅞	.39	.39⅛	.38¼

Combined Export Prices:
July shipments.

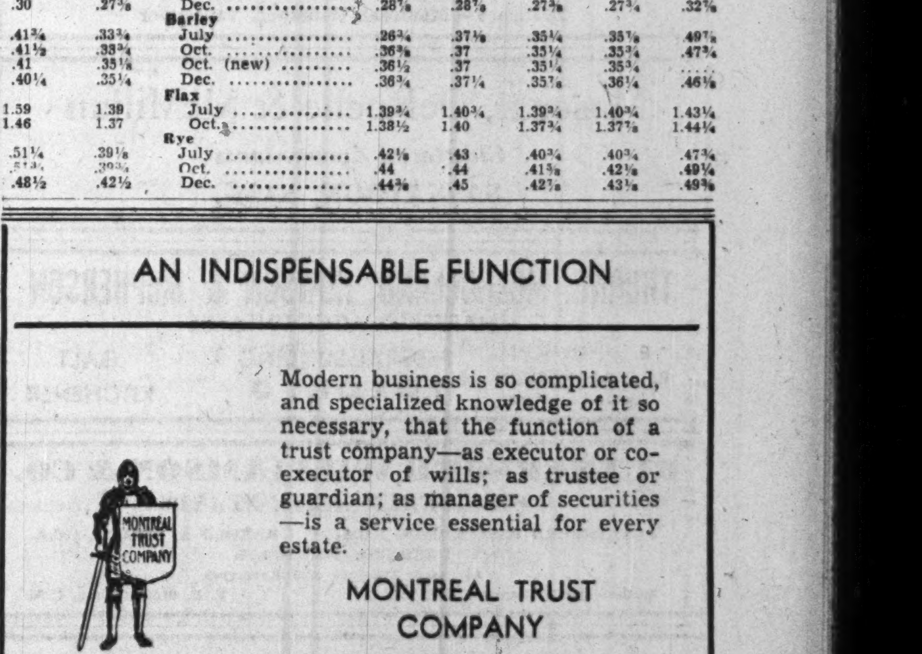
	Week to	July 4
No. 1 North. (Vanc.)	.74¾	.72⅞
No. 3 North. (Vanc.)	.68⅞	.67⅜
Australian (afloat)	.62¼	.61½
French, soft	.52¾	.51¼
Argentine Rosafe†	.57⅛	.55

†63½ lb. May.

Winnipeg Grain Futures

Week to July 4, 1939

Crop year from Aug. 1, 1938 High	Crop year from Aug. 1, 1938 Low		Open June 28	High for week	Low for week	Close July 4	Close year ago
		Wheat					
.67⅝	.57⅛	July	.58½	.60⅝	.58⅜	.58⅞	.99½
.68⅝	.58¼	Oct.	.59⅞	.61⅞	.59½	.60	.80½
.68⅜	.60	Nov.	.61⅝	.63⅜	.61⅜	.61¾	.79½
.68⅞	.60	Dec.	.61½	.63½	.61⅜	.61¾	.77¾
		Oats					
.32	.27⅜	July	.29⅛	.29¼	.27⅞	.28⅜	.44⅛
.31½	.27¼	Oct.	.28¾	.29¼	.27¾	.28⅛	.36
.30	.27⅜	Dec.	.28⅞	.28⅞	.27⅜	.27¾	.32⅞
		Barley					
.41¾	.33¾	July	.26¾	.37⅛	.35¼	.35⅛	.49⅞
.41½	.33¾	Oct.	.36⅜	.37	.35¼	.35¾	.47¾
.41	.35⅛	Oct. (new)	.36½	.37	.35¼	.35¾	.....
.40¼	.35¼	Dec.	.36¾	.37¼	.35⅞	.36¼	.46⅛
		Flax					
1.59	1.39	July	1.39¾	1.40¾	1.39¾	1.40¾	1.43¼
1.46	1.37	Oct.	1.38½	1.40	1.37¾	1.37⅞	1.44¼
		Rye					
.51¼	.39⅛	July	.42⅛	.43	.40¾	.40¾	.47¾
.51¾	.39¾	Oct.	.44	.44	.41⅝	.42⅛	.49¼
.48½	.42½	Dec.	.44⅜	.45	.42⅞	.43⅛	.49⅜



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The Week in Mining

Listing of Uchi Bonds Seen Significant Step

Marks Milestone in Changed Methods and Conditions of Mine Financing—25 Mine Road Projects Approved

A significant development in mine financing and in stock market practice took place this week on the Toronto Stock Exchange. For the first time in the history of Canadian stock exchanges, bonds of an operating mining company are now listed and traded on the stock exchange the same as shares in any other company. "Decision to admit the bonds was in keeping with the Toronto Stock Exchange policy to remain abreast of changing financial methods," an official announcement declares.

The bonds are Uchi's and the listing covers the $1 million issued 6% first mortgage sinking fund bonds due at par by Dec. 31, 1941, issued in denominations of $100, $500, $1,000 and $5,000.

When the original issue was made Oct., 1938, to finance mill building, it was oversubscribed several times. Every $100 of bonds carried a bonus of 25 shares of stock, which made it a pretty attractive deal for the takers.

* * *

Pro's — Con's

Pros and cons of bond financing for a mining property are still hotly argued in Canadian financial circles. Within the past couple of years some half dozen companies have tried it and, it would appear, nearly all are highly satisfied with the result. It is a neat and very economical method of raising money. Engineering skill and integrity are available to make a very close estimate of value of proved ore. That, plus the mortgage on the plant which always has a good resale value in a mining country like Canada, seems to give any mining bond excellent security. And after all, the record of bonds during recent years in the traditional and so-called "safer than the bank" lines of business is nothing much to cheer about. The mining bond is one of several very significant changes that have been taking place in the whole business of mining and mine financing. Listing such bonds on a stock exchange seems to denote a milestone.

* * *

One Man

Youth and modernism: we have often said those two words epitomized Canadian mining. Two things about last week's safari to the Uchi brick pouring made that very clear. When one speaker asked the assembled multitude of miners at Uchi for those who had been at the Great War to stand up, he got only one standee. Mine Manager Alex Hattie figured the average age of his men was 34.

The other thing is that Uchi, Pickle Crow, Red Lake are airplane towns. That is, airplanes plus scows and tractor trains have made possible their building, their feeding, their contact with the outside world. In the rest of Canada the growth of a community centre has traditionally called for big-time lobbying at Ottawa for a railway line. The growing centres of the Patricia country don't care about railroads. They want a highway. We imagine they are going to get one very shortly. But here is a potentially great area in which railroads have little or nothing to offer. The same is true of the great empire of the Yellowknife. Of how many more areas is this going to be true in the future? Railway executives might find some reason for thought in that fact.

* * *

25 Road Projects

Governments have been fairly good at building essential roads in Canadian mining areas—especially around election time. In Quebec Hon. Onesime Gagnon is busy with a big building campaign in the mining area, making up for time lost by predecessors.

The Ontario list of road projects for the year has just been approved by the Dominion Government which pays two thirds of the cost, the province the rest. Altogether 25 roads are planned in the current batch. Others are understood to be under consideration but still awaiting approval at Ottawa.

Among the roads O.K'd are a road to Albany River mine, a road to Hasaga in the Red Lake camp, a road to the Starratt-Olsen property from the Madsen mine, a road from Nezah to Sturgeon River Gold, and a winter road to Hiawatha Gold.

* * *

Alarms

FIRST BRICK

Uchi Gold Mines' new 500-ton mill has been slowly speeding up since it first turned over a month ago. Fruits of the initial operations were four gold bricks, weighing 180 lb., and worth over $70,000 in gold and silver. The bricks were poured last week end in the presence of politicians and pressmen and managers of all mines in the Patricia district who came as guests of John E. Hammell, Uchi's president and the man who brought Uchi through after three major companies had turned it down.

The actual pouring of the first brick was snapped by The Financial Post's representative who also caught the picture of Jack Hammell, alighting from Starratt Airways' Beechcraft plane at Uchi Lake.

The fact that the visit of the King and Queen underground at the Frood Mine took them somewhere within a half mile of where there was a breakdown of some levels last week gave certain types of journalism a field day in whipping up piping hot alarmist reports. The story was a "natural" for some newspapers, marred only by the fact that so little in fact happened.

What did happen was that in one section from the 2,000 to the 2,600 level in one section about 200 feet square of the old Mond Mine, there was a "settlement" as the company calls it. There was lots of warning and everybody within the danger zone was out in plenty of time.

* * *

Abysmal

There isn't much this year to send financial men off on happy holidays. Prices have been slipping only slowly but the volume has descended to unbelievably abysmal depths. Now the word is "Wait for the Fall."

The Whaley-Eaton letter this week opens off this way: "The war crisis is graver than it was before Munich. Informed opinion is that Hitler, if he resorts to war at all, must do so this summer. The allied war potential will pass that of the Axis powers about Oct. 1. Hitler has mobilized his economic power to bring his war strength to a peak now. Japanese activity indicates some agreement with Germany for joint action."

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Brown Oil Corp. Increases Profit

May Share in Developing 280 Acres in Township 18

A net profit of $165,287, equal to 7.8 cents a share, was realized by Brown Oil Corp. in the year ended March 31, 1939, after allowance for depreciation, depletion, amortization of development, and $47,185 for income tax. All the income tax may not be required if representations to the Provincial and Dominion Governments are successful. This compares with a profit of $51,062 from Sept. 21, 1937, to March 31, 1938.

Production for the 1939 fiscal year totalled 419,774 barrels and present allowable is stated at 1,313 barrels daily. No. 6 well is being drilled and completion is expected by the end of October or early in November. Drilling the No. 6 well was not started until the No. 5 well was completely paid for.

Shareholders are being asked to ratify the option and purchase of three 40-acre leases in township 18, on one of which No. 6 well is now being drilled. Purchase price is 100,000 shares and an additional 100,000 shares if the No. 6 well produces over 200 barrels daily.

The company has acquired the right to participate to the extent of one third in drilling of any wells on 280 additional acres in township 18 through an agreement made between Southstream Petroleums and Valley Petroleums.

Income and Surplus Account
Periods Ended March 31

	*1939	†1938
	$	$
Gross rev. from sales	537,588	228,008
Less: Royalties paid	141,086	57,798
	396,502	170,210
Less: Produc. exps.	49,002	26,492
Admin. & gen. exps.	23,032	24,766
Net oper. profit	324,468	118,952
Add: Invest. income	4,500	219
Total net revenue	328,968	119,171
Less: Res. for deprec.	17,235	5,149
Develop. costs w/o	29,757	......
Depletion	69,369	48,452
Loss on tanks	135	......
Income taxes	47,185	14,508
Net profit	165,287	51,062
Less: Pref. divds.	25,200	4,200
Surplus for period	140,087	46,862
Add: Prev. surplus	47,712	......
Profit on invests.	......	833
Profit on casing	......	17
Less: Loss on invests.	15,000	......
Surplus forward	98,549	47,712
Cost of No. 3 well	74,250	......

*Year ended Mar. 31, 1939. †Sept. 21, 1937 to Mar. 31, 1938.

Earn. Common Share	$0.078	$0.26
Working Capital		
Current assets	64,948	64,685
Current liabilities	61,881	116,852
Working capital	3,067	▲52,167

▲Excess of current liabilities over current assets.

Cariboo G. Quartz Earnings Lower

A profit of $98,463, equal to 7.4 cents a share, was realized by Cariboo Gold Quartz Mining Co. in the three months ended April 30, 1939, after changing accounting methods to include capital expenditures of 0.934 cents a share in current costs. Profits for the fiscal year ended Jan. 31, 1939, had been at a higher rate on the old basis, amounting to 34.2 cents a share.

Production for the four months ended May 31, 1939, amounted to $534,804 from 36,192 tons of ore milled, an average recovery of $14.78 per ton. June production was $151,480 from 8,970 tons, an average recovery of $16.89 per ton. In the latter part of May development work on the 1,600 and 1,700-ft. levels in the Sanders zone and sinking operations at No. 1 shaft were resumed. The usual development of the various ore zones is stated to have been carried on.

Operating Statement
Three Months Ended April 30, 1939

	1939
	$
Gr. inc., less mine tax & mint costs	378,472
Less: Min., mill., dev. & gen. exps.	211,527
Net income	166,945
Less: Deprec., depl. & inc. taxes	68,482
Net earnings	98,463

The Week in Oils

Might Build Pipe Line Eastward by Stages

Claim Making Winnipeg First Objective Would Give Time for Building Up Potential — Much Being Done on New Structures

From Our Own Correspondent

CALGARY—Quiet negotiations between representatives of British financial interests and Canadian Government and oil interests continued this week on the $30 millions problem of a pipe line from here to the head of the Great Lakes. Agents for the British groups are expected here around July 10.

Oil men here are inclined to feel that ultimately the pipe line might be built in stages; first, to Winnipeg, bringing the whole of the Manitoba market within scope of the Alberta product; second, to Fort William to serve eastern Canada.

It is generally recognized here that on the basis of present production, the field is in a position to serve not much more than its present market, Alberta and Saskatchewan and perhaps Manitoba.

* * *

Future Justification

Start on construction of a pipe line next spring, oil men say, would not be justified by present allowable production in Turner Valley or by the present potential production. It would be by the assumption that by the time of completion of the line, probably in 1941, Turner Valley production would be increased to such an extent that there would be a large surplus over prairie market requirements. Also, new fields will likely be developed perhaps comparable to the Turner Valley field.

Turner Valley could probably now produce in excess of 62,000 barrels of crude oil daily, compared with its present output of 27,000 barrels, if wells were "opened up." But, oil men agree, such production could continue only for a comparatively brief period. Then, it would fall off sharply and, in the meantime, great damage would have been done to the field, due to gas wastage, decline in pressure, and increase in the gas-oil ratio.

* * *

Not for Navy

With the European situation so grave, there is a certain urgency to the oil problem, it is felt here. It is, of course, well understood here—though perhaps not so well in other parts of Canada—that the crude presently being produced in Alberta is of no use for the British navy. A much lower gravity fuel is required for oil-powered ships.

But for aviation and automobile use, Turner Valley crude is exceptional, since, with proper refining, it will readily produce a premium gasoline of the type required for modern motors, whether on land or in the air.

What type of crude will be produced if other great oil fields in Alberta are developed it is, of course, impossible to say. It is significant perhaps that in the north, at Imperial Oil's Fort Norman field, the crude is of the low grade type suitable for navy purposes; also that crude indicated in many parts of the prairies is of the same heavy type suitable for the navy.

* * *

After New Structures

The drive on other structures is gaining momentum. Guardian Oils has agreed to sell its No. 1 well and its interest in the holdings to the Benedum-Trees group, of Pittsburgh, which have just secured more than 160,000 acres in the Pouce Coupe. E. L. Cord, United States automobile tycoon, has just signed a deal with Terminal Oil Co. for drilling a well on the Spring Coulee structure in the south. Anglo Canadian has resumed work on a test in the Savannah Creek field in the Crow's Nest Forest Reserve.

Operations are going again on the Brazeau well in the central part of the province. The Rabson well in the Jumping Pound field is well below 2,000 feet. Elante Oils has completed a deal for 10,000 acres of ground in the Pouce Coupe. Two new wells, plus the two new wells of Home Oils will soon be drilling in Turner Valley, the Phillips Petroleum, to be drilled by Anglo Canadian and a well by the Mayland interests in the north central area.

* * *

New High Output

Alberta oil production for the first five months of 1939 was 2,456,099 barrels, mainly from Turner Valley. This was a new high mark for any corresponding period in the history of the field. May, 1939, figures, just available, show total oil production in Alberta for that month was 690,066 barrels.

* * *

Blame Government

If the Canadian motorist feels the price of gasoline is too high, he should not blame the oil industry. Rather, he should get after the Dominion and provincial governments, principally the latter, according to C. D. Meltabarger, manager of the Texas Co. of Canada. He said so in a brief submitted to the Royal Commission probing the oil and gas situation in Alberta. The Texas Co. is the principal importer of gasoline refined from American crude oil into Alberta.

Out of every gallon of gasoline sold by Texas Co. in Alberta the Dominion and Provincial Governments collected more than eight cents a gallon in taxes, comprising seven cents a gallon provincial tax and the import duty on gasoline imported from the United States, Mr. Meltabarger said.

* * *

Claims No Profit

The amount extracted by the Government for each gallon of gasoline sold by Texas in Alberta was a fraction more than it cost the Texas Co. to purchase the refined gasoline from its refinery subsidiary in Montana, according to the witness. Thus, it was, he claimed, the Texas Co. of Canada lost one cent on every gallon of gasoline it sold in Alberta and had not made a cent on its operations in Alberta since it entered this field in 1932.

Mr. Meltabarger gave reasons for his company importing gasoline into Alberta from the United States in spite of the Turner Valley crude field. He declared the Texas Co. was endeavoring to develop a widespread market for a particular brand of gasoline and that by virtue of its importing policy, Alberta consumers were given the advantage of international competitive marketing conditions which tend to improve the standard of all gasolines sold in Alberta.

Mining Concentrates

Alexandria Gold Mines shareholders approved sale of 2,550,000 shares of Alexandria Mining Co. to New True Fissure Mining Co. at a special meeting July 4. Terms call for New True Fissure to issue one share for each six Alexandria Mining shares taken over. New True Fissure plans diamond drilling for the Alexandria property. Shareholders of Alexandria Gold Mines also approved winding up their company upon distribution of New True Fissure shares. It is believed there will be about one New True Fissure share remaining for each 12 Alexandria Gold shares issued after Alexandria liabilities are met.

* * *

Barber-Larder Gold Mines suspends operations for the present following notification that no more stock will be taken up at 25 cents a share. The company is free of debt and while there is a substantial tonnage of ore that could be profitably mined, directors feel development of the unexplored areas of the property might be prejudiced by removal of ore at present. Continuation of mineralization west was indicated in recent work. Face channels were erratic, but encouraging.

* * *

Canada Radium Mines has completed arrangements to install a 25-40 ton separating plant with American interests who are to receive payment on a percentage basis. Final recovery will not be done at the property, but grinding only. If the initial unit proves successful, consideration will be given to installation of further units.

* * *

Central Cadillac Mines has its new development programme well under way. Ventilation shaft has been completed from first level to surface and another raise has been put up from the second to the first level. A short raise is now being put up on the No. 8 vein at the first level. Sinking of the winze is well advanced. Crosscutting at the first and second levels is undertaken.

* * *

Bass Lake Gold Mines plans further diamond drilling on its property in Mongowin township, west of Sudbury. Preview drilling was shallow, and it is proposed to put down deeper holes to test mineralization at greater depth. Trenching and test-pitting has been done, and it is stated sampling gave fair values in base and precious metals.

* * *

Dawson-White Gold Mines may still lose its property through foreclosure and sale if creditors' claims totalling $18,000 are not met. S. C. Sterling, Toronto, representing 254,365 shares has demanded officials call a meeting of shareholders to find ways to pay off the indebtedness, to remove the present directors, and to empower a new board to protect shareholders' interests.

* * *

Eldorado Gold Mines shareholders were informed by President Gilbert LaBine at the annual meeting June 29 that output for May amounted to $215,000 exclusive of silver. Mr. LaBine expected this output would be maintained the rest of the year. Silver output in 1938 was $100,000. New ore intersected on the 1,000-ft. level is reported as good as any previously outlined on upper levels, and about 150 ft. of ore has so far been opened up. Sales for the current year have been running about normal. Given ordinary conditions, dividends might be commenced in 1940, but indebtedness must first be liquidated and a surplus built up. Carl French has been elected to the board of directors, replacing Harry Snyder. Mr. French is also secretary-treasurer.

* * *

Elizabeth Gold Mining Co. is diamond drilling a new vein distinct from present mine workings. Surface work shows a length of 400 ft. averaging 9 ft. in width and gold values up to $60 per ton are said obtained in sampling.

* * *

Gold production of Quebec showed a considerable increase in May amounting to 80,962 oz. compared with 68,009 oz. in the same month last year. For the first five months of this year, gold output was 409,083 oz. as against 360,125 oz. last year.

* * *

La Luz Mines needs an additional $175,000 to bring the property into production which is to be borrowed from shareholders, according to a letter to shareholders. Six months' notes bearing interest at 6% are to be issued, the group subscribing for the notes to be granted an option on 25,000 shares at $2 to be taken up within three years from the date of issue. A shareholder with 100 shares is entitled to subscribe for $14 of notes and will receive an option on two shares of stock. Payment is to be made by July 15. The loan has been underwritten by Ventures and Sudbury Basin Mines, the two largest shareholders.

* * *

Molybdenite deposits reported in township 28, on the Algoma Central Railway, north of Sault Ste. Marie, are not being examined by engineers of Falconbridge Nickel Mines, it is authoritatively stated, denying a prevalent report. The discovery is said to be high grade, sampling giving better than 2% molybdenite, which would be very profitable at present prices of molybdenum. Sixty-five claims have been staked in the area, and the outcropping bearing the ore is stated to have been traced for a distance of 2,800 feet with a width varying from 60 to 120 feet.

* * *

Newroy Gold Mines reports that in initial operations at its Opeepeesway claims a pilot diamond drill hole has been started at the south end of the company's claims, and that when finished a series of holes will be drilled along the projected line of strike of the Jerome ore zone, which a survey showed coursed through the Newroy holdings for 2,735 ft. Meanwhile prospecting will be done on claims to the north of the Jerome line of strike in an effort to locate parallel ore zones. A large amount of surface stripping and rock trenching has been done.

* * *

Pirate Gold Mines have been negotiating with Hollinger Consolidated whose representatives have been making investigations in connection with a proposal that Hollinger take over development of Pirate holdings in the West Shiningtree area. If the deal is arranged, it is understood some diamond drilling will be undertaken. Pirate Gold last year did drifting on the 100-ft. level along a fairly rich, narrow vein. The property concerned is the combined Shinintree Gold Mines and Kingston Gold Mines claims, where shafts had been sunk and some lateral work done.

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Lamaque's Profit Rises in Quarter

Equal to Rate of 64 Cents a Share Annually

Profits of Lamaque Gold Mines for the three months ended May 31, 1939, set a new quarterly record of $481,075, equal to 16 cents a share or at a rate of 64 cents annually. In the preceding three months, profits had amounted to $398,691 or 13 cents a share.

The improved showing in the latest quarter was chiefly due to an increase of over $110,000 in total production caused by a larger tonnage of ore treated and by a better average grade of ore. The gain in production was offset partially by increased allowance for taxes.

Ore Reserves Gain

Ore reserves showed an increase, amounting to 786,669 tons averaging $10.54 per ton on May 31, 1939, as against 759,953 tons averaging $10.80 a ton three months earlier. At the milling rate for the three months ended May 31, 1939, reserves are equal to nearly two years milling requirements.

On June 1 the No. 1 winze had reached a depth of 90 ft. below the 2,100-ft. level and the levels at 2,000 and 2,100 ft. had been cut. Since the beginning of the year the east ore-producing formation has been reached on the 1,075-, 1,200- and 1,800-ft. levels; a limited amount of exploration work has been completed and ore developments are stated to be satisfactory.

At a depth of 2,160 ft. the winze passed through a 4-ft. vein with values of better than mine average. It is thought probable that this is the same vein which was cut at 2,000 ft. in No. 7 shaft. At 2,160 ft. the shaft and the winze are 115 ft. apart.

Central Pat. Net Shows Increase

Gross Production Rises Sharply With Grade — Tonnage Up

Profits of Central Patricia Gold Mines show an increase in the first five months of 1939 amounting to an estimated $257,590 or 10.3 cents a share after all charges as against 9.2 cents a share in the same period of 1938.

Production to the end of May showed an increase of almost 25%, amounting to $747,494 obtained from 46,361 tons of ore milled for an average recovery of $16.12 a ton. The 1938 output for the same period was $598,059 from 37,524 tons of ore for an average recovery of $15.94 a ton.

Estimated Earnings Statement
Five Months Ended May 31

	1939	1938
	$	$
Est. net earnings	397,192	343,6
Less: Depr., def. devel., etc.	95,602	77,2
Est. taxes	44,000	36,8
Est. net profit	257,590	229,3

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Silver—the Big Problem Metal

U.S. Political Antics Important To Canadian Industry's Future

By **RONALD A. McEACHERN**
Mining Editor, The Financial Post

An important section of Canadian mining continues to be disturbed by the political manoeuvres of American senators from the silver states of the west.

During 1938, Canada produced 22,157.154 ounces of silver, worth $9,633,265 or an average of 43 cents per ounce. Compared with Canada's total mineral production last year in the metallics group alone of $324 millions, this is not a very important amount. But the implications of the present silver situation for Canada are significant since our production might be materially increased with a better price and more stable market.

What the final decision of the U. S. Government will be with regard to the continued purchase of foreign silver, or at what price the world market for silver will be stabilized after the conflicting tides of the past week at Washington have been dissipated, is not yet clear.

Major Canadian producers of silver are Consolidated Mining and Smelting Co., International Nickel, Hudson Bay M. & S., Noranda, Silbak Premier and Eldorado.

Three Results

The success of the "Silver Senators" in keeping this metal in the forefront of American politics over the past half century has had at least three main results. It has probably given Canadian producers a somewhat higher price for their metal than if all silver were disposed of in an open world market. On the other hand, the artificially high price for U. S. silver has made it possible for many high cost, or uneconomic, U. S. producers to continue operating, adding to the world stocks of newly-mined silver. Third, keeping silver in politics has kept the industry unstable, insecure and unsatisfactory to everybody but U. S. producers.

For generations U. S. Senators from the silver producing states have been trading their votes for measures sponsored by other groups in return for support of higher prices for U. S. silver producers. Because of their solidarity as a group and their long years in the Senate, they wield a sure-fire voting power almost unparalleled in American political life.

How long will silver remain a political issue? No one can guess, although Handy and Harman, world silver dealers, and leading American authorities on the subject, ventured the opinion in their review of 1938 that "Congress may give consideration to the desirability of discontinuing the programme established by the Silver Purchase Act," because, the review points out, none of the declared objectives of the programme have been achieved, and the inclusion of silver in intended remedial measures of economic difficulties "presupposes an economic theory which has never been generally accepted."

Many Guesses

What would happen if silver were kicked out of the monetary system altogether; taken out of American politics?

There would be very temporary panic on world silver markets and the world price would decline. At what figure the world price would be stabilized has occasioned a wide variety of guesses — all the way from 25 to 45 cents an ounce—but they are just guesses.

There would still be a very sizeable demand for subsidiary coins, as in Canada for dimes, quarters, etc. Many countries of the world would still want silver for this purpose. During 1938, for instance, some 37 million ounces were "consumed" for this purpose in the various countries of the world.

More important, there would remain the industrial demand which last year took 54 million ounces. Especially important is the fact that this is an expanding market. New uses are being developed for silver. Development of new methods of electroplating has made it possible, it is understood, to compete with tin for the lining of things like beer cans and cosmetic containers. A big new field for silver appears to be developing in the rapidly expanding chemical industry, in the food products industry and others. Great laboratories supported by silver producers and dealers like Handy and Harman and Johnson, Matthey & Co., are constantly at work developing new uses.

The industrial future of the metal is good if as much can't be said for its political future.

Outlook Not Bleak

There is no need for pessimism in the outlook for Canadian silver producers. Should the subsidy to U. S. silver producers be removed, many of them, because of high costs, would be forced out of business. The decreased production would probably bring improvement in the world price. Nearly all silver now mined in Canada is a by-product of a mining operation in which the chief metal sought is something else, usually copper, lead or zinc; hence the period of transition during which the silver market was finding a level between its artificial monetary price in the U. S. and its world price would have fewer ill effects on Canadian producers, and would see them in better position to enjoy any eventual benefits that might result.

In a series of six articles in The Annalist of New York, Neil Carothers, Professor of Economics, and Dean of the College of Business Administration, Lehigh University, gave a comprehensive study of the role of silver in world history and with special reference to America.

Issue is Political

"There is no monetary issue in silver," Professor Carothers declares. "The issue is political. Long before the Civil War, even before the silver producing territories had achieved statehood, Treasury action was dictated by pressure of silver owners. In the 70 years since the Civil War unnatural subsidies in silver have been repeatedly granted by Congress. In this long period, in one session after another, there have been introduced in Congress hundreds of bills containing some clause or joker aiding silver. In times of war and depression the pressure for these subsidies has been incessant. When the bills passed in aid of silver from 1873 to 1935 are analyzed it seems incredible that any government could have been driven to their enactment. The explanation is wholly political.

"The only states that produce silver in any volume are, in order, Idaho, Montana, Utah, Arizona, Colorado, Nevada and New Mexico, states of sparse population and limited economic activities," Professor Carothers points out.

Power of Seniority

"But these seven states have fourteen senators, one seventh of the total membership. Power in the senate depends on seniority and senators from silver states are continuously re-elected until they achieve powerful committee positions. For more than 60 years the silver representatives have been a powerful unified bloc. On any close division of interest they hold the balance of power. They have used this power mercilessly, trading upon it with any other interests that would serve their end.

"As an industry, silver is of little consequence. The total value of the year's production in United States in 1933 was $8 millions. In normally prosperous years it averages around $35 millions but even this small value does not represent a proportional employment of labor or investment of capital, for silver is overwhelmingly a by-product of the mining of copper, zinc and lead. As an employer of labor the silver mining industry in America ranks with the toy train, the bottle cap, or the suspender industry.

Most is By-product

"Being essentially a by-product, most silver output represents all but net profit to its producers. The nonferrous metals industry in America is dominated by a few rich and powerful mining and smelting corporations. . . . . . The popular impression that the pressure for silver subsidies comes from people of the West is mistaken."

Declares Professor Carothers: "For 500 years the nations have struggled to make bimetallism work. . . . . Throughout recorded history bimetallism has been an expensive failure."

In the middle of the 19th century, he points out, nearly all nations on earth adopted the gold standard but "because people have long been accustomed to small change coins containing silver, nations have continued to use silver precisely as they used copper, nickel, aluminum and tin, as a base metal in 'token' coins for local use."

"Secret Conspiracy"

America went on the gold standard by laws passed in 1834 and 1837. "A debasement scheme," declares Professor Carothers, "engineered by a secret conspiracy of dishonest Congressmen for the benefit of trivial little mines, changed world history."

Subsidies for silver and the consequent bonusing of silver producers by 25% to 450% began in 1878.

"A serious depression overtook the U. S. in 1876. For two years incessant propaganda told the people that . . . . bimetallism would end the depression. So great was the pressure for bimetallism that the Bland-Allison Act was the result."

The Sherman Act of 1890 increased the subsidy to silver. William Jennings Bryan made bimetallism the main plank of his vain presidential campaign in 1896, and his speech, rhetorically demanding if mankind was to be crucified on a cross of gold, won him the nomination.

Subsidy of $60 Millions

The Pittman Act of 1918 once again provided a large subsidy for silver producers, involving among other things the U. S. Treasury in buying silver at $1 per ounce when it could be bought anywhere else on earth at prices ranging from 53 to 75 cents. The net cash subsidy to domestic silver owners was about $60 millions. . . . "An impartial judgment would declare the Pittman Act to be the most cynically venal monetary measure in the history of the country," Professor Carothers states.

Senator Pittman was one of the delegates to the World Economic Conference held in London, June, 1933, and "it was he who engineered the Eight Power Silver pact. The whole agreement was engineered for two purposes," says Professor Carothers: "to give support to the notion that silver is of international importance, and to gild the scheme for congressional subsidy to silver with the color of an international compact."

December 21, 1933, President Roosevelt put this agreement into force. The U. S. Government was to buy all the silver produced in America at a price of 64.64 cents per ounce. The price of silver anywhere in the world was about 28 cents an ounce. Result of the 64.64 price, the author states, "turned out to be for the year 1934 a cash gift of about $5 millions by the people of the United States to a few mining and smelting companies."

Glad To Be Rid of It

The Canadian Government, by the terms of the same pact, agreed to buy 1.7 million ounces and other nations varying amounts totalling 35 million ounces.

Gold devaluation in January, 1934, brought the Gold Reserve Act and the Silver Purchase Act, the second providing for nationalization of all silver and obligating the U.S. treasury to buy silver until it had $1 in silver for every $3 in gold in its reserves. The agreement expired December 31, 1937, every party to it glad to be rid of it. "It died in ignominy," the author says, "to be recorded in history as one of the cheap episodes of international relations."

Devaluation of the American dollar provided a further subsidy for silver. "The debasement of the dollar by 41% was equivalent to a 69% increase in domestic price of foreign currency. . . . . Devaluation alone without the other artificial aids to silver gave the metal a handsome subsidy of 69%. In April, 1933, silver was worth 29 cents an ounce, here or elsewhere. At the end of the year its gold value abroad was 26 cents but the price in America was 44 cents."

And Father Coughlin

"There has never been anything in American history like the drive for silver in the spring of 1934," Professor Carothers declares. "Dozens of bills designed to aid the silver cause were introduced by Senators Wheeler, Pittman, Thomas and many others," all backed by the weekly radio sermons of Father Coughlin.

President Roosevelt's surrender was complete. "The essential provision was one declaring that the metallic reserves of the nation should consist of silver and gold in the proportions of one silver to three gold and directing that the Government buy silver until these proportions were reached." This bill became law in June, 1934. "Thereby," the author declares, "this country solemnly declared that the basic money, upon which its paper currency should depend for its value, was to be in part a money that was in itself three quarters fiat money, useless in international exchanges and rejected by its own people for home use. There is nothing comparable with this in all history. Another bizarre feature of the law was that it committed the Government to an unknown obligation . . . . every addition to our gold stock has increased the volume of silver purchases necessary under the law. . . . Silver had four prices, first its world gold price. This was about 29 cents. There was then its domestic price in U. S. currency. This was about 46 cents. There was then the price for newly-mined American silver which was 64.64 cents, and finally there was its so-called 'coinage' value of $1.29."

Now Buys World's Silver

Nationalization of all silver was announced August 9, 1934; the price 50.01 cents per ounce. "With silver nationalized and the small domestic production taken over at a fixed price, the U. S. was now to undertake a programme of vast purchases of foreign silver, pitting the resources of a rich and spendthrift Government against the uncounted billions of ounces of silver in the world."

Pressure from silver forces continued and April 10, 1935, the president raised the price of American-mined silver to 71.11 cents, and on April 24 further increased it to 77.57 cents.

"The tremendous increase in our gold holdings had increased requirements for silver prices almost as fast as we bought. Our treasury was in its silver purchases a kitten chasing its tail. Not one of the objectives of the silver policy had been achieved. The 1-3 ratio was still in the future. The price of silver had not been advanced. The inflation hoped for by many of the silver bloc has not been achieved. . . . ." argues Prof. Carothers. "This writer has been able to discover only one certain achievement. The dividends of the mining and smelting corporations were conspicuously increased in 1935. In 1936 the indefensible 77 cent price for American-mined silver was still being paid although the price of silver had fallen from 80 to 45 cents.

Continued This Year

December 30, 1937, the president announced the Government would continue to buy domestic silver at 64.64 cents an ounce. The market price anywhere in the world was 45 cents. All through 1938 the subsidy was paid. On the last day of December, 1938, the president again announced that the subsidy would be continued in 1939.

Professor Carothers estimates that U. S. paid for its 251 million ounces, bought in the years 1934 to 1938 inclusive, over $180 millions. "On this basis, the cash gift to the mining corporations may be sent down as over $100 millions. On the basis of the actual difference between what the Government gave and the current market price the subsidy was about $60 millions. This, it will be agreed, is an attractive gift for some 25 or 30 mining corporations."

"May Wreck Nation"

The U. S. silver purchase policy is far more "than in the category of cheap political chiselling. It may wreck the finances of the nation before it is done." Prof. Carothers estimates that to bring silver purchases up to the three to one ratio with gold holdings, United States must buy another $1,500 millions of silver at its present fictitious value. "Of these vast purchases of almost 2,000 million ounces only 250 million ounces have been bought from domestic producers. All the huge remainder, more than 1,600 million ounces, has been bought from foreign countries. Mexico and China appear to have been the chief beneficiaries."

Most of the bills presented in Washington in recent weeks are in the best silver-pressure tradition, with one exception. The silverites cling to their professed aim to have the white metal put on the allegedly traditional 16-1 basis with gold. The price demanded for silver in several bills was $1.29 an ounce. But that is the 16-1 ratio value for $20.67 gold. Logically, present silver demands with $35 gold should be for $2.18¾.

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Commonwealth Critic Answered

President Reeve Replies to Charges of D. J. Young

F. F. Reeve, president of Commonwealth Petroleum, informs The Financial Post action is being taken to counter criticism levelled by D. J. Young, Commonwealth vice-president. This arises out of criticism of Mr. Reeve's management contained in a letter forwarded to shareholders by Mr. Young, Senator E. Michener, a director, and S. A. Annand, secretary of the company.

Traces Ill-feeling

Mr. Reeve states ill-feeling started after the annual meeting July 5, 1938, when Mr. Young's salary was cut from $500 to $300 monthly.

In connection with an alleged proposed sale of Ace Oil (Reeve-controlled) lease to Commoil, Mr. Reeve states certain directors "endeavored to buy it from me. When I saw that it was being made a political issue among the directors, I withdrew the offer." Regarding 32,000 Commoil shares paid for another lease, Mr. Reeve states he was not on the Commoil board and believed directors used good judgment.

Dividend Difficulty

The Commonwealth dividend could not have been paid in cash, according to Mr. Reeve, but it was possible to pay it in subsidiary stock. Of 176,775 Commonwealth shares issued for all but directors' shares of a drilling company, 100,000 have been sold, a drilling rig has been purchased on terms, and a contract completed for drilling Command No. 2.

Commonwealth shares purchased by Commoil and Command are being held as a reserve for income tax which are being appealed, Mr. Reeve reveals. Following the annual meeting of Commoil and Command, Mr. Reeve is now president of both these companies.

Although shareholders of both Commoil and Command expressed their confidence in the Reeve management at their annual meetings, an investigation into Commoil affairs has been started by the Alberta Attorney-General's department. The books have been seized and Sheriff V. R. Jones, K.C., and Kenneth Morison have been appointed investigators. An adjournment of sittings for one month has taken place.

At the Commoil annual meeting, D. J. Young, retiring president, stated affairs of Commonwealth Petroleum, and Command Oils would also be investigated.

Lamaque Revenue Lifts Teck Profit

Higher Income from Subsidiary Offsets Lower Mine Profit

Two dividends totalling $531,000 from Lamaque Gold Mines raised earnings of Teck-Hughes Gold Mines to 28.7 cents a share for the nine months ended May 31, 1939, as against 25.3 cents for the same period of the previous fiscal year, the company's quarterly statement reveals. Without counting dividends from Lamaque, earnings would have been 17.7 cents in the 1939 period against 25.3 cents last year.

As a further $424,800 was received in dividends from Lamaque on July 1, earnings for the fiscal year ending Aug. 31, 1939, will be at least 37.5 cents a share without including anything for fourth quarter Teck mine earnings. In 1938, a total of 33 cents a share was earned.

In line with lower Teck mine profits, production has been at a lower rate in the 1939 year due to treatment of a lower average grade of ore. Recovery of $2,562,414 in the first nine months of the current fiscal year came from milling 289,645 tons of ore for an average recovery of $8.85 a ton. In the year ended Aug. 31, 1938, output had been $3,930,535 from 392,136 tons, an average recovery of $10.02 a ton, or over $1 a ton higher than this year. Ore reserves continue to decline slightly amounting to 542,560 tons averaging $10.78 a ton on May 31, compared with 574,630 tons averaging $11.17 on Feb. 28 and 610,895 tons averaging $12.09 a ton on Aug. 31, 1938.

In the nine months ended May 31, 1939, 1,000 ft. of new ore were opened up on seven levels from the 8th to 31st levels inclusive. Best results were obtained on the 26th level where 385 ft. of ore opened up averages $19.44 across an average width of 6.8 ft.

Pantepec Shipping Oil By Pipe-Line

Shipment of its first 1,000 barrels of oil from its TR No. 1 (Tobasco) well was completed by Pantepec Oil Company of Venezuela on May 16, 1939, President W. F. Buckley states in a progress report to shareholders.

The TR No. 1 well has shown a capacity to produce 320 barrels daily of 26.4 degree gravity oil while the TR No. 2 well, three quarters of a mile to the east, which was brought into production on Feb. 27, 1939, can produce 323 barrels of 26.9 degree gravity oil. The TR No. 3 well was abandoned as a dry hole but TR No. 4 has been brought into production and TR No. 5 well is about to be drilled.

There are 25,000 acres in this concession. The Tobasco No. 1 well on the same concession is estimated to have a capacity of 300 to 400 barrels of 15 degree gravity oil.

El Roble No. 1 well, producing from 8,117 ft. depth, yielded 805 barrels of 44 degree gravity oil on test. El Roble No. 2 well has been spudded in 2½ miles northeast of the No. 1 well. A pipe-line will be run from this concession to join with one now under construction. Wells are to be drilled in the southern part of the State of Anzoategui and in the District of Monagasa where large exploitation concessions are held.

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Pend Oreille Shows Profit

Low Lead and Zinc Prices Affect Results — Is Retiring Bonds

Although metal prices remained at low levels, Pend Oreille Mines & Metals Co. reports profit of $44,208 equal to 2.7 cents a share for the fiscal year ended April 30, 1939, compared with a profit of $15,435 for the previous fiscal year.

Decided improvement in the company's liquid position took place in the 1939 period, working capital amounting to $73,231 as at April 30, 1939, against an excess of current liabilities over current assets of $62,978 a year previous. Included in current liabilities in 1939 was $20,000 of bonds to be retired within a year.

Bonds outstanding have been reduced from $300,000 to $280,000 with the $20,000 additional earmarked for retirement in current liabilities. Bonds must be retired $10,000 each half year, but company plans to retire them at a faster rate as this is possible.

During the 1939 year, 227,408 tons or ore were treated with 21,466 tons of concentrates shipped with a content of 6,453,440 lb. of lead and 21,627,908 lb. of zinc. Some work has been done on the Yellowhead section of the property in preparation for mining there.

Income and Surplus Account
Years Ended April 30

	1939 $	1938 $
Net ore receipts	609,813	557,244
Add: Other income . .	34,618	24,545
	644,431	581,789
Expenses:		
Direct oper. exp.	385,663	390,110
Taxes & gen. exp. .	64,194	51,285
Depreciation	88,561	63,877
Depletion	51,435	51,443
Income tax	10,370	9,639
Net profit	44,208	15,435
Add: Prev. surplus . . .	965	*14,470
Less: Adjustment	783	. . . . . .
Surplus forward	44,390	965
*Deficit.		
Earnings per Share & Divd. Record:		
Earned	$0.027	$0.009
None paid.		
Shares Outstanding . .	1,632,308	1,632,308

Working Capital

	1939 $	1938 $
Current assets	145,121	91,025
Current liabilities	71,890	154,003
Working capital	73,231	*62,978

*Excess of current liabilities over current assets.

Silbak Premier Mines has declared a dividend of 4 cents a share payable July 25, 1939, to shareholders of record July 5. Last previous payment was one of same amount on April 25.

British Dominion Oil Had Greater Loss Last Year

Lower production during the year ended March 31, 1939, gave British Dominion Oil and Development Corp. a loss of $16,057 compared with a loss of $5,618 the previous fiscal year. Drop in production to 2,833 barrels of crude was partly due to conservation measures in Turner Valley.

Further leases have been acquired by the company with holdings now stated to be spread over seven promising structures. Included are 1,600 acres on the Steveville structure. It is the intention to commence drilling on one or more of the holdings when conditions and geological advice warrant. Working capital amounted to $59,383 as at March 31, 1939, including shares of Royalite Oil Co. at cost.

Expansion of Gold Mining Reviewed in New Booklet

A comprehensive survey of development and expansion of gold mining in Canada from the year 1858 is given by a booklet just published by Nesbitt, Thomson & Co. This points out that while six "senior" gold producers in the Porcupine and Kirkland Lake areas were responsible for 80% of Canada's gold output in 1927, this situation has been changed with 116 "junior" mines producing 2,370,000 fine oz. of gold compared with 1,658,000 oz. for the six "senior" mines in 1938.

YAMA SHAFT AT 100 FT.

Shaft sinking at the property of Yama Gold Mines has reached a depth of over 100 ft., according to Resident Geologist H. G. Way, with last muck samples taken running $26.95 and $15.05 per ton across widths of four feet. A face sample taken from the west side of the shaft at a depth of 80 ft. ran $7.35 a ton.

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THE efforts of the Canadian Construction Association to stimulate greater business activity through industrial building expansion deserve the active co-operation of every thinking Canadian.

Building construction is the surest gauge of our national prosperity. Activity in the building trades offers the quickest methods of putting money into circulation and stimulating business of all kinds throughout the land.

To encourage industrial building the Dominion Government has provided two inducements:

The removal of Federal Sales Tax on an extensive variety of building materials.

A deduction in corporation Income Tax up to 10% of the cost of plant extension and replacement made during the fiscal year (ending April 1940).

Building costs today are about 8% less than average—a definite consideration which offers considerable savings in combination with the two inducements offered above.

Obsolete equipment and methods should now give place to modernized production facilities, permitting more profitable operations.

An opportunity is now created to undertake factory expansion and rehabilitation on decidedly favourable lines. Many business houses have already taken advantage of this opportunity. If you have been planning to expand or build why not do it now? Give Canadian prosperity a lift!

Wholesale prices of building materials are 4.4% lower first quarter of 1939 as compared with the same period of 1938.
DOMINION BUREAU OF STATISTICS

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Simpsons Prepares for Better Times

Trims Capital Structures of Operating, Holding Units

BY R. A. DRAPER
Staff Writer, The Financial Post

Simpsons Ltd., one of the largest department stores in the Dominion, currently has a double-feature financial programme under way.

In the first place, all the bonds of The Robert Simpson Company Ltd., operating subsidiary, have been called for redemption next January.

Secondly, the holding company, Simpsons Ltd., has made an arrangement through Wood, Gundy & Co. to offer holders of Robert Simpson Co. preferred shares an exchange for Simpsons Ltd. 4¼% bonds or cash.

The object is to simplify the rather complex capital structure, set up in the company's refinancing operations of 1929.

Company in Spotlight

The move focuses attention upon Simpsons position and makes timely an appraisal of what may lie ahead of this particular company.

As far as the company's merchandising is concerned, any capital rearrangement will have little or no effect. There may, however, be definite beneficial results.

At least half of the company's current programme is easy of attainment. The Robert Simpson Company bonds are callable at 105, and the company has announced that it will retire these from its own cash resources.

The second portion is said to be progressing satisfactorily, according to those close to the situation. The 6% preference stock of Robert Simpson Co. is non-callable. For this reason, the offer to buy the shares from stockholders had to be made attractive enough to bring about retirement voluntarily. Exchange of more than half of the Robert Simpson preference shares has been consented to by shareholders, it is stated.

Relation of Companies

Simpsons Ltd., the holding company, controls Robert Simpson Co. through the ownership of all the common stock outstanding. The Robert Simpson Co., the operating company, operates two large stores, one in Toronto and one in Montreal, as well as stores of moderate size in Regina and Halifax.

It also operates a coast to coast mail order business and controls a number of subsidiaries. Two of these organizations, Thompson Manufacturing Co. and Keens Manufacturing Co., manufacture women's furs and men's clothing. A number of outlets for merchandising have been built up through agents and order offices. The original business was established in 1872 by the late Robert Simpson.

Through its country-wide activities, a desirable geographical diversification has been achieved. The company is consequently not seriously affected by local fluctuations in business.

Capital Structure

The company's operating set-up is relatively simple. The capital structure is somewhat ponderous due to the long evolution of the concern. This is the situation that is now in progress of being remedied. The first step in the simplification procedure was the calling of all the 5% first mortgage sinking fund bonds of Robert Simpson Co., which will be retired Jan. 1, 1940.

Taking telephone orders requires a large staff in a modern department store.

In order to retire the $3,350,000 of 6% preference shares of Robert Simpson Co., preference shareholders are being offered the first mortgage and collateral trust 12½-year bonds, 4¼% series A, of Siimpsons Ltd., on the basis of $135 principal amount and accrued interest for each share and accrued dividends. This offer is being made through Wood, Gundy and Co. At the present time holders have the choice of getting $135 in cash and accrued dividends for the shares, instead of Simpsons Ltd. bonds.

Simpsons Ltd. has entered into an agreement with Wood, Gundy & Co. to purchase at $135 and accrued dividends, all the preference shares of Robt. Simpson Co. acquired by the underwriter and to sell up to $4.5 millions of the 4¼% bonds to the underwriter at 97 and accrued interest, in amounts equal in principal to 135% of the par value of the preference shares purchased.

Results of Plan

If all the Robert Simpson shares are taken up, net proceeds derived would be $4,365,000, for which Simpsons would assume a bond liability of $4.5 millions. The liability thus assumed carries with it lower interest requirements.

Capitalization upon completion and before present financing, based upon acquisition of all the outstanding preference shares of Robert Simpson Co., would be as follows:

CAPITALIZATION AT JAN. 4, 1939

Simpsons Ltd.:	Author. $	Outstand. $
1st mtge., series A, 3-4¼%	20,000,000	9,300,000
6½% pref., par $100	20,000,000	11,250,000
Class A, n.p.v.	200,000 sh.	120,000 sh.
Class B, n.p.v.	200,000 sh.	120,000 sh.
The Robt. Simpson Co.:		
5% 1st mtge., due '52	2,250,833	1,123,130
6% pref., par $100	6,000,000	3,350,000
*Common, par $100	9,000,000	3,350,000

*All owned by parent company.

‡PROPOSED CAPITALIZATION
Simpsons Ltd. & Subsidiaries:
(After acquisition of all preferred of Robt. Simpson Co.)

	Author. $	Outstand. $
1st mtge., 3-4¼%, series A	20,000,000	13,800,000
6½% pref., par $100	20,000,000	11,250,000
Class A, n.p.v.	200,000 sh.	120,000 sh.
Class B, n.p.v.	200,000 sh.	120,000 sh.

‡Giving effect to scheduled retirement of Robert Simpson Co. bonds, and assuming all preferred stock of same company to be exchanged for Simpsons Ltd. bonds.

This shows securities to be held by the public only and does not include wholly-owned stocks of subsidiaries.

Reduction of interest requirements brought about by the conversion of the 6% preference to the 4¼% holding company bonds, up to maturity of the bonds in 1951, will be largely offset by the premium paid for the preference.

Importance of Management

One of the most important factors in surveying the operations of an industry, is the quality of its personnel and direction. More than any other kind of organization, a department store prospers or falls on the strength of its management. And in the case of department stores, considerable mental agility and aggressiveness is necessary in keeping the concern abreast of rapidly changing merchandising methods, styles and economic problems.

Results of Simpson's over the difficult years from 1931 to date have demonstrated the company's ability to hold its own in face of strenuous competition.

Department stores generally mirror business prosperity or adversity more accurately than other forms of commercial enterprise, depending as they do upon the purchasing power of a wide cross section of the buying public.

Mounting Sales

In 1914, sales of the company totalled over $14 millions. From that year to 1920, the dollar volume mounted steadily to $37.9 millions. Sales receded in the next two years, and then commenced a climb that lasted until the company's peak year in 1929. In that year sales amounted to $48.2 millions, a figure that has not since been reached. The volume declined in 1933 to $37.5 millions. Since then it has moved steadily upward.

The exact volume of sales in the past five years is not known, but it is officially stated that the increase in 1938 was nearly 20% over 1933. This would make the 1938 sales total slightly more than $44 millions, which is less than those of 1929 and 1930. In the latter year, sales totalled $46.9 millions.

The substantially lower level of commodity prices must be considered in a comparison of sales by dollar volume. In 1938, the Dominion Bureau of Statistics index of general wholesale prices averaged 78.6, as compared with 95.6 in 1929. The physical volume of business at the present time is larger than in any previous period in the history of the business.

Prices were approximately 22% higher in 1929 than in 1938. A rise in commodity prices would have a powerful influence on the Simpson business.

Relative Position

Because department stores do not make sales figures public, it is difficult to estimate at what point Simpson's stands in relation to other organizations operating in the Dominion. It is known, however, that this company usually has been able to show better progress in sales volume than the average of the 36 department stores used in D.B.S. index.

Contrary to popular opinion, Simpson's experience does not indicate the status of the mail order business generally has undergone radical change for the worse since depression days. In fact, from 1933 to 1938, the mail order division of the Simpson company has shown proportionately greater improvement than the retail stores.

It should be pointed out that these two different means of merchandising have two distinct fields of operations. Retail stores cater to a materially urban clientele, the mail order to rural customers.

The 1938 improvement of the Simpson mail order over 1933 was approximately 25%, while the retail stores were up 15%. The retail store business in the record year 1929, accounted for $35.6 millions of the $48.2 millions total, and the mail order total was $12.6 millions. In 1933, this proportion was $30.4 millions and $7.1 millions, respectively. This is approximately 81.1% of total sales and 18.9. The 1938 retail store sales therefore accounted for something less than 80% of the total and the mail order for more than 20%.

Fluctuations of Profits

Fluctuations of profits since 1929 reflect the fortunes of the business. Effects of the depression are easily discernible, as is the steady recovery from the 1933 low point. It is noticeable that the company's best earnings did not occur in the year of peak sales.

Following is a tabulation of profits and per share earnings from 1929 to 1938:

Simpsons Ltd. Earnings

Year Ended	Net Profit $	Per Sh. of 6½% Pref. $
Jan. 29, 1930	1,010,580	10.11
Jan. 28, 1931	1,344,776	11.95
Feb. 3, 1932	620,480	5.51
Jan. 4, 1933†	*177,313	*1.58
Jan. 3, 1934	200,903	1.79
Jan. 2, 1935	707,923	6.29
Jan. 8, 1936	466,712	4.15
Jan. 6, 1937	697,759	6.20
Jan. 5, 1938	807,648	7.18
Jan. 4, 1939	839,094	7.46

†11 months period. *Loss or deficit.

Declining earnings forced the company to defer payments on the preferred stock of Simpsons Ltd. in 1932. They were resumed on a modified scale in 1934. Arrears on this stock at May 1, 1939, were $22.87½ per share.

While 1938 was not as satisfactory to most companies, Simpson's was able to show a slightly better profit for the year. This was due to the favorable inventory position in which the company found itself at the beginning of the year.

Inventory Policy

Because of a much heralded boom of commodity prices in 1937, many stores took on large inventories. Simpson's did not adopt this policy, believing that the facts did not warrant such a stand. The company's judgment was vindicated and it was able to reap the fruits of clean shelves in 1938, a year of declining prices.

The current year has been running along at about the same level or slightly lower than in 1938. Profits in the 21-week period ended May 31 were about the same as those of the same period in the previous year, the company reported.

Prosperity in the last analysis is dependent upon the purchasing power of the public and that in turn is dependent upon general business conditions.

Past Record

Apart from this factor, which is beyond the company's power, there is the past record of the company to consider.

Over a period of years the organization has done more than hold its position in the business. It increased its employees to 7,400 in 1938, from 6,700 in 1929, due largely to an increased number of transactions.

Simpson's has sought to keep pace with developments in the merchandising world. In 1938, the company's buyers, stylists and executives made 550 trips to New York for the purpose of buying and keeping up to date on merchandising methods. This company's buyers also made numerous trips to European countries to buy merchandise and study the overseas markets.

The organization has grown steadily, but not spectacularly and with relatively few growing pains. A good continuity of executive direction has been maintained.

Urban Units

Its stores in Toronto and Montreal are well located; the buildings modern and easily convertible to conform with any new developments in the structural line. Changing phases of methods have been closely scrutinized and adopted if found desirable.

For example, the company has developed its telephone order business to the point where telephone orders have reached a maximum of 51,542 orders in a single day. One operator has taken as many as 55 calls in one hour.

Many new features of the business have been developed. Growing out of the restaurant service, the company now caters extensively for social functions. The furnishing and decorating departments have been called upon to design and execute the interior furnishings of many homes, hotels and public buildings.

Rigid inventory checks are kept, and in consequence losses from this source are said to be relatively small.

Working Capital

Working capital is strong. At Jan. 4, 1939 it was more than $9.7 millions, with a ratio of current assets to current liabilities of 2.94.

The company states that there will be enough cash available to retire all the 5% first mortgage bonds of Robt. Simpson Co. at 105 on Jan. 1, 1940. Requirements for this purpose will be nearly $1.1 million.

Depreciation write-offs have averaged $629,032 annually over the past 10 years, which the company declares is ample. Total assets at May 31, 1939, of Simpsons Ltd. and all its subsidiaries were $41.6 millions. Fixed assets were $25.7 millions, for which there was a depreciation reserve of $6.1 millions.

Future Outlook

In any consideration of future possibilities for the company, the course of business and industry generally and average income of the population play an important part. Given betterment of present conditions, there appears no reason why the earnings potentiality of the class A and B shares should not be materially advanced. Until arrears on the preferred are settled, however, no dividends can be paid.

In the poor years following 1931 there has been little or nothing available for this stock after deduction of prior charges. Not until 1937 were the class A shares able to show any earning power.

In 1938 net profit was equivalent to 90 cents on the 120,000 class A, n.p.v. shares, as against 64 cents in 1937. The class A shares are closely held by the management and employees of the company.

Labor legislation, since 1928 has brought increased costs. In addition, incomes have dropped since that time and taxation has become a heavier burden. Commodity prices are lower and apprehension of political developments abroad has held up business recovery.

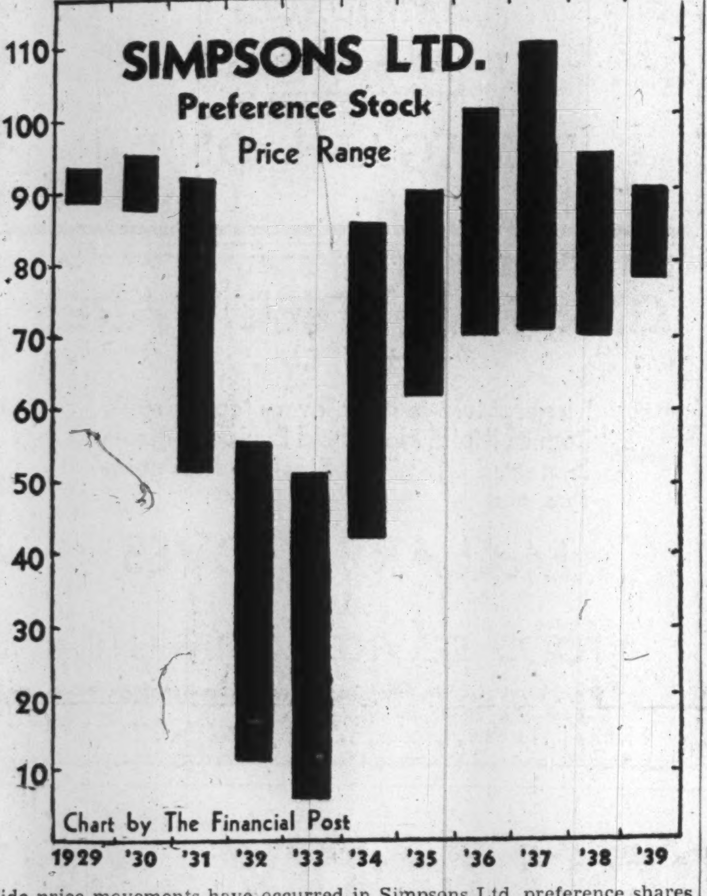
Potential Factors

On the other hand, there is a large volume of deferred buying of consumers goods, that once released would benefit the company.

There are also many indeterminable factors in the picture, such as weather and a fickle buying public. The factors over which the company has control, aggressive sales policies and administrative efficiency, appear to be well regulated.

The facts thus assembled would indicate that the company's earnings have been well maintained in relation to business generally. Return to pre-depression levels, because of developments in the labor and taxation field, appears to be only a possibility, but a prospect not to be eliminated entirely.

It is the opinion of the company's management that the possibilities for expansion have not been exhausted and there are still territories left in which the organization may profitably operate retail stores.



Wide price movements have occurred in Simpsons Ltd. preference shares over the past ten years. The 1939 range is up to July.

Exchange Hits Mexican Light

U. S. Policy on Foreign Silver Purchases Important

Current unsettlement in the silver market has an important bearing on the future of Mexican Light, Heat & Power Co.

If the United States stops purchasing foreign silver, the financial and economic situation in Mexico would be critical, with a consequent depreciation of the peso, Millar Lash, K.C., president, told shareholders at the annual meeting.

Because the peso is silver-backed, it has reflected declining silver prices in recent months, falling substantially in relation to the dollar, especially in recent weeks.

Deficit Explained

Lower value of the peso in the past year was almost entirely responsible for the higher deficit shown by Mexico Tramways Co., as foreign-made commodities and apparatus must be purchased by the company at the unfavorable exchange rate. Losses have to be absorbed in making necessary purchases.

Mr. Lash referred to the fact that earnings of Mexico Light were sufficient to cover interest on the first mortgage bonds of the company and Mexican Electric Light Co., but failed to provide full amount of $180,000 required for sinking fund payments on these two issues. Meeting of the holders of the various bonds probably will be called before the end of the year.

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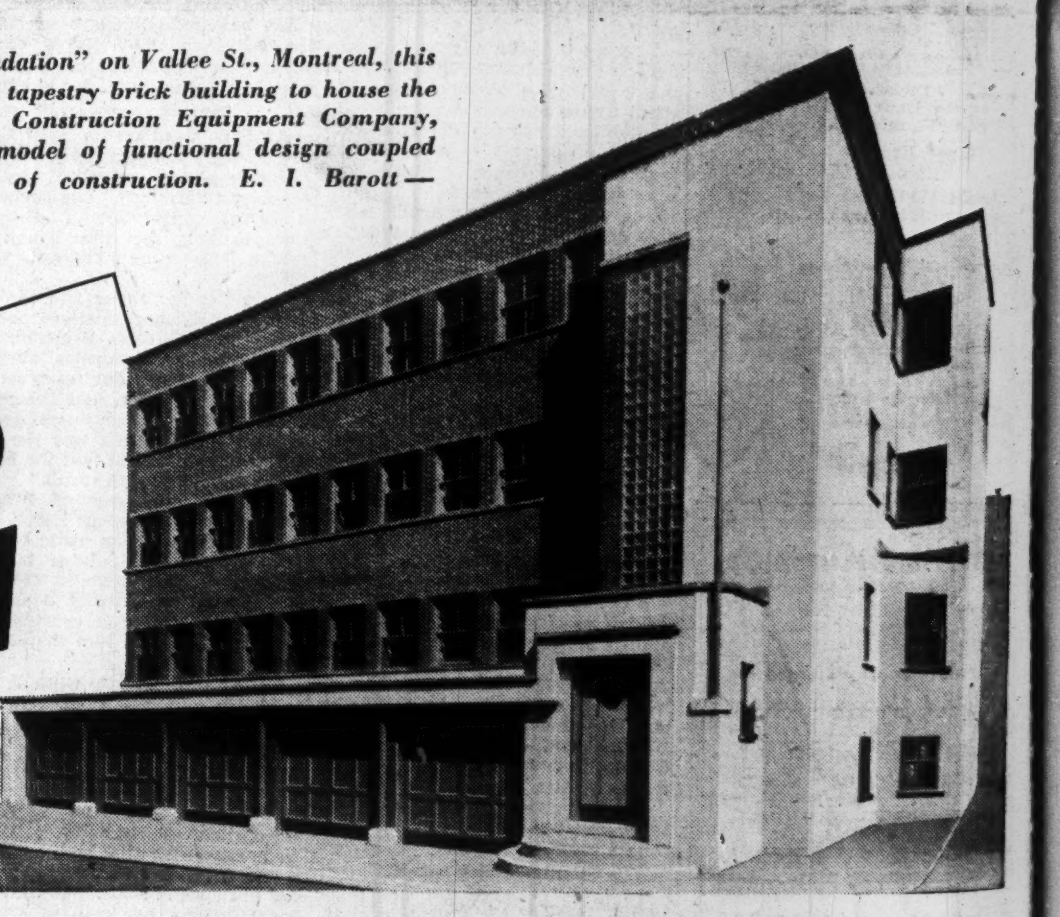

Built by "Foundation" on Vallee St., Montreal, this buff and black tapestry brick building to house the head office of Construction Equipment Company, Limited, is a model of functional design coupled with economy of construction. E. I. Barott—Architect.

BUILD NOW !

THAT new building or extension you have had under consideration—that renovating job you have been putting off until conditions were more favourable—right now is the time to go ahead, when building conditions are favourable and so the job may be finished in time to take advantage of the indicated business upturn.

These facts all say "Now is the time"

Building trades' wages in Canada are 2.7% lower than in 1926. (Statistically normal year).

Building materials (wholesale) prices in Canada are 10.9% lower than in 1926.

Average cost of construction for Canada is 7.9% lower than in 1926.

The 8% sales tax on the majority of building materials has been removed.

10% of construction expenditure for the period May, 1939 to April, 1940, is deductible from income tax during the first three taxable fiscal periods occurring within the first six fiscal periods ending on or after April 30, 1940.

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